2018 Legislative and Regulatory Report

Dawn M. Bauman, CAE
Community Associations Institute (CAI)
Sr. Vice President, Government Affairs
Overview

- Population and Demographic Trends
- Federal Advocacy Issues
- 2018-2019 State Trends
Population and Demographic Trends
Statistical Review for 2016 Community Association Data

US Community Associations & Residents

342,000
US community associations and housing units.

5.5 trillion
Value of homes in community associations.

69 million
Americans living in community associations.

2,360,000
Americans serve on community association boards and committees.

80,000,000
Hours of service performed annually by association board and committee members.

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www.caionline.org
The Phenomenal Growth and Value of Community Associations

$5.28 TRILLION
value of homes in community associations

$85 BILLION
assessments collected from homeowners

# of community associations

1970: 10,000
2015: 338,000

# of people living in community associations

2016: 21.1%
2030: 30+%

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U.S. Housing Cooperatives & Residents

2.76 million people living in housing coops
13,000 housing cooperatives
1 million housing units
$22 million is property value
Glimpse at the future landscape

PRESENT
Proliferation of Naturally Occurring Retirement Communities (NORCs)
Bachelor’s degree a prerequisite to community management certification
Tremendous leaps in technology facilitating virtual meetings, virtual offices, home-based employment
Millenials now 33-49 and in need of housing

10–15 YEARS

20–30 YEARS
Critical shift—community association model becomes the majority form of housing

45 YEARS
Hispanics and Asians comprise 39% of the population
Population distribution in 2040
2016 analysis by Demographics Research Group, Weldon Cooper Center for Public Service, University of Virginia.

- States making up half population
- Next 20 percent
- 30 percent of population
Federal Advocacy Priorities
Disaster Assistance Equity Act

CAI Staff Efforts for Hurricane Florence & Michael

- Lobbying Governors and Members of Congress to authorize debris removal in private communities
- Supporting members and chapters with preparation and recovery resources
- Support for H.R. 3238

H.R. 3238—Disaster Assistance Equity Act

- Eliminates red tape for debris removal
- FEMA “limited group” standard

H.R. 1684 – Rep. Nadler – Disaster Assistance Support for Communities and Homeowners Act – Signed by the President
Helping your Community Residents Under Existing Law

- Working with Local Municipalities
- Local Ordinances (see Hilton Head example)
**Fair Housing Issues**

- *Quid Pro Quo & Hostile Environment Rule*
- *Assistance Animals*
- *Pool Rules*
State Legislative & Regulatory Trends
Statutory Framework for Housing Cooperative Law

- **Locality** – i.e. City of New York
- **Federal**
Legislators
Addressing Resident Concerns
The role of the housing cooperative board/management response
Fee Caps for Resale Disclosure Packets
Laws and Legislation, Caps for Disclosure Packets

BY THE NUMBERS:
14 BILLS IN 2018

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Disclosure Packets:
What are the caps?

Albuquerque, NM: $200
Arizona: $400 + $100 (< 3 days)
Connecticut: $125 + $0.05pp; $10 elec.
Delaware: $250
Florida: $250 + $100 (if delinquent)
Georgia: $100 + $50 (< 3 days)
Idaho: Fee must be disclosed annually; No expedited fee permitted
Indiana: $250
Kentucky: $225 initial; $50 update
Maryland: $250 + $100 (< 7 days) or $50 (7<14 days)
Nevada: $160 + $125 (< 3 days)
Rhode Island: $125 (pending)
Virginia: $163.97 or $136.64 elec. + $54.66 expedite
Washington: $275

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Regulation of Short-term Rentals
Regulation of Vacation Rentals: New Laws and Legislation

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BY THE NUMBERS:
39 BILLS IN 2018
909 Ordinances
Electric Vehicle Charging Stations in Community Associations
Charging Stations in Community Associations: Laws and Legislation

By the Numbers:
13 Bills in 2018

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Ombudsman & State Dispute Resolution Programs
Legislation on Ombudsman and Dispute Resolution Commissions

Failed: Florida, Washington

BY THE NUMBERS: 25 BILLS IN 2018
Misrepresentation of Service Animals
Misrepresentation of Service Animals: Laws and Legislation

BY THE NUMBERS: 30 PET BILLS IN 2018
Whose Voice Do You Want Heard by Legislators?

Random complaining resident?

Amazing, hard-working, selfless Coop Board?
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(703) 970.9224
For the 69 million people living in America’s community associations (homeowner associations, condominiums, and housing cooperatives).

GROWTH IN THE NUMBER OF U.S. COMMUNITY ASSOCIATIONS

<table>
<thead>
<tr>
<th>Year</th>
<th>Community Associations</th>
<th>Housing Units</th>
<th>Residents (in millions)</th>
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<td>10,000</td>
<td>700,000</td>
<td>2.1</td>
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<tr>
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<td>36,000</td>
<td>3.6 million</td>
<td>9.6</td>
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<tr>
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<td>130,000</td>
<td>11.6 million</td>
<td>29.6</td>
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<tr>
<td>2000</td>
<td>222,500</td>
<td>17.8 million</td>
<td>45.2</td>
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<td>2010</td>
<td>309,600</td>
<td>24.8 million</td>
<td>62.0</td>
</tr>
<tr>
<td>2017</td>
<td>345,000</td>
<td>26.6 million</td>
<td>70.0</td>
</tr>
</tbody>
</table>
SOME KEY STATE ISSUES IMPACTING COMMUNITY ASSOCIATIONS

Community Associations Institute (CAI) is the world’s largest resource of industry best practices, public policy, education materials, and model language on topics related to community associations. For information to assist elected officials and state and local government offices, visit www.caionline.org/advocacy or call (888) 224-4321 to speak to a member of CAI’s government affairs team.

1. **Self-Governance.** CAI supports legislation that does not interfere with community associations’ right to self-govern.

2. **Uniform Acts.** CAI supports the adoption of the one or more of the Uniform Community Association Acts by all states.

3. **Alternative Dispute Resolution.** CAI advocates that communities adopt policy resolutions to offer ADR for housing-related disputes between individual unit owners as well as between owners and the association.

4. **Building Warranties.** CAI supports legislation that balances the rights and responsibilities of community associations, their governing boards, homeowners, builders, and construction affiliates. CAI supports legislation that recognizes that construction defects often take years to be revealed and recommends providing reasonable time after discovery for a community to investigate defects and resolve disputes with the builder.

5. **Community Manager Licensing.** CAI encourages the self-regulation of the community management profession through professional certification and designation programs developed by industry professionals.

6. **Disclosure Before Sale.** CAI believes that consumers must receive full disclosure of association matters prior to purchasing a home in a community association. Recognizing that expenses will be incurred in the preparation and production of association documents, CAI also supports the right of the preparer of such documents to charge reasonable fees for these documents and transactions.

7. **Displaying the American Flag.** CAI supports The Freedom to Display the American Flag Act of 2005. Community associations may not prevent or place unreasonable restrictions on displaying the U.S. flag on their exclusive-use property.

8. **Environmental Issues.** CAI supports policies that recognize and respect the governance and contractual obligations of community association residents as the best mechanism to enact sustainable and environmental policies.

9. **Lien Priority for Delinquent Assessments.** CAI supports a fair and equitable foreclosure process that: provides timely notice and opportunity to cure any default prior to foreclosure; promotes reasonable expenses and costs of the foreclosure process; and provides notice to all other lien holders. CAI supports legislation that offers associations an assessment lien priority equal to the amount of assessments that are due.

10. **Short-term Rentals.** The nature of short-term rentals is not harmonious with the community association housing model. Associations encourage a sense of community stewardship; however, short-term visitors may not be invested in the overall good of the community. CAI supports short-term rental regulation that is consistent with an association’s governing documents.
Our residents, your constituents

Community Associations Institute (CAI) is the leading expert in association governance.

This checklist can assist in resolving constituent concerns related to community associations:

- Go to www.caionline.org/legislatorcorner
- Review the community association housing model.
- Review related community association laws in your state.
- Contact your local CAI chapter or CAI national.
- Encourage the constituent to contact their association’s board of directors.
- Refer the constituent to CAI for professional resources.

For additional resources, visit CAI’s Legislator and Staff Corner at www.caionline.org/legislatorcorner or call (888) 224-4321 for more information.

CAI provides education and resources that benefit not just one, but all community members.
U.S. COMMUNITY ASSOCIATIONS BY THE NUMBERS

345,000
Community associations in the U.S.

70 million
Residents and professional who live and work in community associations

85%
Residents who rate their living experience as positive (63%) or neutral (22%)

23%
U.S. population living in community associations

2040
The year community associations become the majority form of housing

2.4 million
Volunteers who serve on homeowners or condominium association boards or committees

COMMUNITY ASSOCIATIONS AND U.S. ECONOMIC IMPACT

5.88 trillion
Estimated value of real estate in community associations

$90 billion
Assessments collected by homeowners associations to pay for municipal-like services, including insurance, community beautification, infrastructure maintenance, trash pickup and recycling, capital improvements, and more

5-6%
Higher property value of homes in community associations compared to homes not in a community association

85%
Percentage of community association management professionals surveyed, view their career prospects as good or very good.
WHY COMMUNITY ASSOCIATIONS WORK

Successful community associations that are governed by effective volunteer boards has led consumers and municipalities to place a higher value on the community association model of housing. Consumers and local governments value community associations because:

1. **Homeowner management.** Homeowners and residents make decisions that affect their neighborhoods and determine community rules.

2. **Privatizing public functions.** Associations are created with the stipulation from the local government that they will assume many services that traditionally belong to municipalities—road maintenance, utilities, trash pickup, and storm water management among others—which allows the approval of the development without increasing taxes to pay for additional infrastructure.

3. **Sharing the cost of community resources.** Residents have affordable access to many resources today's consumers desire in their neighborhoods.

4. **Expanding affordable homeownership.** Condominiums have served as an affordable gateway to homeownership since the 1960s.

5. **Minimizing social costs and fostering market efficiencies.** Associations promote shared responsibility through contractual membership, collective management, mandatory covenants, and agreements between the association and homeowners.

COMMUNITY ASSOCIATIONS AND U.S. EMPLOYMENT

**7,000–8,000**
Community association management companies

**50,000–55,000**
Professional community association managers

**95,000–100,000**
Individuals employed by management companies

**$43,725–$107,795**
The average salary range of a community manager, from an assistant manager to a large-scale community association manager (1,000 homes or more). These salaries are higher than the national average salary of other U.S. workers.

COMMUNITY ASSOCIATIONS BY THE NUMBERS (2016)

**$5.88 trillion**
Estimated value of real estate in community associations

**$90 billion**
Value of assessments paid by community association residents to support their communities

**70 million**
Number of community association residents nationwide

**80 million**
Number of volunteer hours association leaders devoted to serving their communities

**345,000**
Number of community associations in the United States

COMMUNITY ASSOCIATIONS AND U.S. EMPLOYMENT

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The average salary range of a community manager, from an assistant manager to a large-scale community association manager (1,000 homes or more). These salaries are higher than the national average salary of other U.S. workers.

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About Community Associations Institute

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 345,000 homeowners associations, condominiums, and co-ops in the United States and millions of communities worldwide. With nearly 40,000 members, CAI works in partnership with 36 legislative action committees and 63 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. Visit us at www.caionline.org and follow us on Twitter and Facebook @caisocial.
key issues

For the 69 million people living in America’s community associations (cooperatives, condominiums, and homeowner associations).

Community Associations by the Numbers

69 million
Americans living in community associations

21.3%
Percentage of the U.S. population that live in community associations

$5.5 trillion
Estimated value of real estate in community associations

$88 billion
Value of assessments paid by community association residents

80 million
Volunteer hours per year association leaders devote to serving their communities

345,000
Community associations in the U.S.

85%
Percentage of residents that rate their community association experience as positive (63%) or neutral (22%)

SOURCE: SURVEY BY ZOGBY ANALYTICS
FOUNDATION FOR COMMUNITY ASSOCIATION RESEARCH (FCAR)
Disaster Assistance Equity Act of 2017 (H.R. 3238) would:

- Make community associations eligible for federal assistance from the Federal Emergency Management Agency (FEMA) following a presidentially declared disaster. Currently, community association homeowners pay the same federal taxes and are denied FEMA funding for neighborhood recovery, while those not living in community associations are eligible.

- Remove cumbersome requirements to authorize disaster recovery work to clear debris from community association roads and waterways so emergency vehicles may pass.

- Qualify condominiums and cooperatives to receive FEMA funded repairs of key structural elements to restore buildings to safe and habitable conditions following a disaster.

  House of Representatives: Co-sponsor and support H.R. 3238.
  Senate: Sponsor a companion bill to H.R. 3238.

National Flood Insurance Program (NFIP)
H.R. 2874 21ST Century Flood Reform Act

- NFIP has been reauthorized until July 31, 2018. Community association homeowners face the possibility of devastating under-insured or uninsured losses if NFIP’s statutory authority expires and a lapse ensues.

  House of Representatives: Passed H.R. 2874. No further action needed.
  Senate: Support meaningful reform and a multi-year reauthorization of the NFIP.
Housing Finance Reform

CAI supports housing finance reforms that ensure qualified community association homeowners/homebuyers have access to mortgage credit.

**Key Questions on Housing Finance Reform for Policymakers**

- Will mortgages be readily available to association homeowners/homebuyers or will reform mean a burdensome and costly process?
- Will reform preserve state priority lien laws protecting the financial stability of an association?

For a full list of CAI’s Housing Finance Reform Principles, visit [www.caionline.org/housingfinancereform](http://www.caionline.org/housingfinancereform)

In July 2016, Congress passed the Housing Opportunity Through Modernization Act (HOTMA) requiring greater access to FHA-insured condominium unit mortgages for qualified borrowers. Today, fewer condominium homeowners have FHA-insured mortgages than when HOTMA was enacted.

Since HOTMA, only 6% of U.S. condominium projects are FHA-approved and 93% of condominium homeowners have no access to FHA-insured mortgages.

CAI supports commonsense reform of the FHA Condominium Mortgage Insurance Program so buyers have access to FHA money for condominiums.

**Policymakers** should reform the program to:

- Simplify certification process
- Simplify renewal process
- Provide single—unit approvals by lenders
There are three basic types of community associations: homeowners associations, condominium associations and housing cooperatives. While each community association will have its own history, personality, attributes and challenges, all associations share common characteristics and fundamental principles—

- Community associations provide services and amenities to residents, protect property values, and meet the established expectations of homeowners.
- Community association homeowners choose where to live and accept a contractual and ethical responsibility to abide by established policies and to meet their financial obligations to the association.
- Community 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.
- Community association leaders and residents should be reasonable, flexible and open to the possibility—and benefits—of compromise, especially when faced with divergent views.
- Community association leaders protect the community’s financial health by using established management practices and sound business principles.
- Community association leaders have a legal and ethical obligation to adhere to the association’s governing documents and to abide by all applicable laws.
- Community associations cultivate a true sense of community, active homeowner involvement, and a culture of building consensus.

COMMUNITY ASSOCIATIONS BY THE NUMBERS (2016)

$5.5 trillion
Estimated value of real estate in community associations

$88 billion
Value of assessments paid by community association residents to support their communities

69 million
Number of community association residents nationwide

80 million
Number of volunteer hours association leaders devoted to serving their communities

345,000
Number of community associations in the United States
Employment and Economic Impact

Community association managers are professionals responsible for the administration and management of condominiums, housing cooperatives, and homeowners’ associations. Community association managers have expertise in board governance, budgeting and financial management, risk management, facilities maintenance, contracting, organizational management, and building a sense of community.

21.3%
Percentage of the U.S. housing stock in community associations. By 2040, it is expected the community association housing model becomes the majority form of housing. Similarly, community association management is a rapidly growing profession with measurable opportunities for growth and tremendous job stability.

$5.5 trillion
Estimated value of real estate in community associations.

$88 billion
Paid for assessments which is reinvested into the local economy for municipal-like services, insurance, community beautification, capital improvements, and more.

EMPLOYMENT OPPORTUNITIES AND STABILITY

85%
Percentage of community association management professionals surveyed, view their career prospects as good or very good.

The average salary ranges from assistant manager $43,725 to large-scale manager $107,795—all higher than the average salary of U.S. workers.

www.caionline.org/advocacy
Community Associations Institute (CAI)

With nearly 40,000 members dedicated to building better communities, CAI develops and provides information, education and resources to association board members, community managers, and other professionals who support community associations. CAI’s mission is to inspire professionalism, effective leadership, and responsible citizenship—ideals reflected in homeowner associations and condominium communities that are preferred places to call home.
National and State statistical review FOR 2017

COMMUNITY ASSOCIATION DATA

U.S. community associations, housing units, and residents

<table>
<thead>
<tr>
<th>Year</th>
<th>Communities</th>
<th>Housing Units</th>
<th>Residents</th>
</tr>
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<tbody>
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<td>10,000</td>
<td>.7 million</td>
<td>2.1 million</td>
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<td>1980</td>
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<td>130,000</td>
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<td>2000</td>
<td>222,500</td>
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<td>2017</td>
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<td>26.6</td>
<td>70.0</td>
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</table>

Homeowners associations account for about 54–60% of the totals, condominium communities for 38–42%, and cooperatives for 2–4%.

**CAI estimates the number of U.S. community associations in 2018 is between 346,000 and 348,000.**

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<table>
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<tr>
<th>State</th>
<th>Number of Associations</th>
<th>Rounded Estimated Number of Residents in Associations</th>
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<tr>
<td>Florida</td>
<td>48,000</td>
<td>9,753,000</td>
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<tr>
<td>California</td>
<td>45,900</td>
<td>9,327,000</td>
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<td>Texas</td>
<td>20,000</td>
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<td>Illinois</td>
<td>18,650</td>
<td>3,790,000</td>
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<td>North Carolina</td>
<td>13,950</td>
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<td>New York</td>
<td>13,850</td>
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<td>12,400</td>
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<td>Georgia</td>
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<td>Colorado</td>
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<td>1,940,000</td>
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<td>Virginia</td>
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<td>8,450</td>
<td>1,717,000</td>
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<td>Michigan</td>
<td>8,350</td>
<td>1,697,000</td>
</tr>
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<td>Minnesota</td>
<td>7,650</td>
<td>1,554,000</td>
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<td>South Carolina</td>
<td>6,900</td>
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<td>6,850</td>
<td>1,392,000</td>
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<td>Pennsylvania</td>
<td>6,800</td>
<td>1,382,000</td>
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<td>Maryland</td>
<td>6,750</td>
<td>1,372,000</td>
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<td>Missouri</td>
<td>5,450</td>
<td>1,107,000</td>
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<td>Wisconsin</td>
<td>5,300</td>
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<td>Connecticut</td>
<td>4,900</td>
<td>996,000</td>
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<td>Tennessee</td>
<td>4,825</td>
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<td>Indiana</td>
<td>4,850</td>
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<td>Oregon</td>
<td>3,850</td>
<td>782,000</td>
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<td>Utah</td>
<td>3,400</td>
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<tr>
<td>Nevada</td>
<td>3,225</td>
<td>655,000</td>
</tr>
</tbody>
</table>

### Between 2,000 and 3,000 associations
- Alabama, Idaho, Iowa, Kentucky, New Hampshire

### Between 1,000 and 2,000
- Delaware, District of Columbia, Hawaii, Kansas, Louisiana, Maine, Montana, Nebraska, New Mexico, Oklahoma, Rhode Island, Vermont

### Fewer than 1,000
- Alaska, Arkansas, Mississippi, North Dakota, South Dakota, West Virginia, Wyoming

**Total U.S. associations:** 344,500

**NOTE:** The term “community association” in this report refers to planned communities (e.g., homeowners associations, condominium communities, and housing cooperatives).
National Data, 2017

22–24
Percent of U.S. population in community associations.

$5.88 trillion
Value of homes in community associations.

$90 billion
Assessments collected from homeowners. Assessments fund many essential association obligations, including professional management services, utilities, security, insurance, common area maintenance, landscaping, capital improvement projects, and amenities like pools and club houses.

$25 billion
Assessment dollars contributed to association reserve funds for the repair, replacement, and enhancement of common property, e.g., replacing roofs, resurfacing streets, repairing swimming pools and elevators, meeting new environmental standards, and implementing new energy-saving features.

50,000–55,000
Community association managers (includes onsite managers and those who provide part-time support to a number of communities).

6,000–9,000
Large-scale associations, i.e., those meeting at least two of the following three characteristics: a single, contiguous community with a general manager; a minimum of 1,000 lots and/or homes; and a minimum annual budget of $2 million.

30–40
Percentage of community associations that are self-managed, meaning they may use professional assistance for specific projects, activities, and services, but do not employ a professional manager or management company.

61
Percent of new housing built for sale is in a community association.

7,000–8,000
Community association management companies.

95,000–100,000
Individuals employed by management companies.

2,380,000
Community association board and committee members.

80,500,000
Hours of service performed annually by association board and committee members.

$1.98 billion
Estimated value of time provided by homeowner board and committee members based on the Bureau of Labor Statistics estimate of $24.69 per hour for volunteer time.
Our mission—with your support—is to provide research-based information for homeowners, association board members, community managers, developers, and other stakeholders. Since the Foundation’s inception in 1975, we’ve built a solid reputation for producing accurate, insightful, and timely information, and we continue to build on that legacy. Visit foundation.caionline.org.

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 nearly 40,000 members, CAI works in partnership with 64 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. Visit us at www.caionline.org and follow us on Twitter and Facebook @CAISocial.

The statistical information in this report was developed by Clifford J. Treese, CIRMS, president of Association Data, Inc., in Mountain House, Calif. A member of CAI almost since its inception, Treese is a past president of CAI and the Foundation for Community Association Research. We are grateful for his continuing support of both organizations.

Additional statistical information published by the Foundation for Community Association Research is available at foundation.caionline.org.
Perhaps the greatest achievement for any association is creating and sustaining a sense of community among residents and leaders. This goal is best achieved when homeowners, non-owner residents and association leaders recognize and embrace their rights and responsibilities. It was with this goal in mind that CAI developed Rights and Responsibilities for Better Communities. These principles can serve as an important guidepost for board and committee members, community managers, homeowners and non-owner residents.

Homeowners have the right to:
1. A responsive and competent community association.
2. Honest, fair and respectful treatment by community leaders and managers.
3. Participate in governing the community association by attending meetings, serving on committees and standing for election.
4. Access appropriate association books and records.
5. Prudent expenditure of fees and other assessments.
6. Live in a community where the property is maintained according to established standards.
7. Fair treatment regarding financial and other association obligations, including the opportunity to discuss payment plans and options with the association before foreclosure is initiated.
8. Receive all documents that address rules and regulations governing the community association—if not prior to purchase and settlement by a real estate agent or attorney, then upon joining the community.
9. Appeal to appropriate community leaders those decisions affecting non-routine financial responsibilities or property rights.

Homeowners have the responsibility to:
1. Read and comply with the governing documents of the community.
2. Maintain their property according to established standards.
3. Treat association leaders honestly and with respect.
4. Vote in community elections and on other issues.
5. Pay association assessments and charges on time.
6. Contact association leaders or managers, if necessary, to discuss financial obligations and alternative payment arrangements.
7. Request reconsideration of material decisions that personally affect them.
8. Provide current contact information to association leaders or managers to help ensure they receive information from the community.
9. Ensure that those who reside on their property (e.g., tenants, relatives and friends) adhere to all rules and regulations.
Community leaders have the right to:

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

Community leaders have the responsibility to:

1. 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.
2. Exercise sound business judgment and follow established management practices.
3. Balance the needs and obligations of the community as a whole with those of individual homeowners and residents.
4. Understand the association’s governing documents, become educated with respect to applicable state and local laws and manage the community association accordingly.
5. Establish committees or use other methods to obtain input from owners and non-owner residents.
6. Conduct open, fair and well-publicized elections.
7. Welcome and educate new members of the community—owners and non-owner residents alike.
8. Encourage input from residents on issues affecting them personally and the community as a whole.
9. Encourage events that foster neighborliness and a sense of community.
10. Conduct business in a transparent manner when feasible and appropriate.
11. Allow homeowners access to appropriate community records when requested.
12. Collect all monies due from owners and non-owner residents.
13. 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.
14. Provide a process residents can use to appeal decisions affecting their non-routine financial responsibilities or property rights—where permitted by law and the association’s governing documents.
15. Initiate foreclosure proceedings only as a measure of last resort.
16. Make covenants, conditions and restrictions as understandable as possible, adding clarifying “lay” language or supplementary materials when drafting or revising the documents.
17. Provide complete and timely disclosure of personal and financial conflicts of interest related to the actions of community leaders, e.g., officers, the board and committees. (Community associations may want to develop a code of ethics.)
CAI developed the Model Code of Ethics for Community Association Board Members to encourage the thoughtful consideration of ethical standards for community leaders. The model code is not meant to address every potential ethical dilemma but is offered as a basic framework that can be modified and adopted by any common-interest community.

**Board members should:**

1. Strive at all times to 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 governing documents of the association.
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 non-owner 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.

**Board members should not:**

1. Reveal confidential information provided by contractors or share information with those bidding for association contracts unless specifically authorized by the board.
2. Make unauthorized promises to a contractor or bidder.
3. Advocate or support any action or activity that violates a law or regulatory requirement.
4. Use their positions or decision-making authority for personal gain or to seek advantage over another owner or non-owner resident.
5. Spend unauthorized association funds for their own personal use or benefit.
6. Accept any gifts—directly or indirectly—from owners, residents, contractors or suppliers.
7. Misrepresent known facts in any issue involving association business.
8. Divulge personal information about any association owner, resident or employee that was obtained in the performance of board duties.
9. Make personal attacks on colleagues, staff or residents.
10. Harass, threaten or attempt through any means to control or instill fear in any board member, owner, resident, employee or contractor.
11. Reveal to any owner, resident or other third party the discussions, decisions and comments made at any meeting of the board properly closed or held in executive session.

_CAI provides learning opportunities for community managers, homeowner volunteer leaders, association residents and service providers. Visit www.caionline.org/education to learn more._