

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, non-owner 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 (CAI) 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, homeowners and non-owner residents.

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, serving on committees and standing for election.
- Access appropriate association books and records.
- Prudent expenditure of fees and other 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 and options with the association before foreclosure is initiated.
- 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.
- Appeal to appropriate community leaders those decisions affecting non-routine financial responsibilities or property rights.

Homeowners Have the Responsibility To:

- Read and comply with the governing documents of the community.
- Maintain their property according to established standards.
- Treat association leaders honestly and with respect.
- 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, friends) adhere to all rules and regulations.

continued on next page

Community Leaders Have the Right To:

- Expect owners and non-owner residents to meet their financial obligations to the community.
- 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.
- Respectful and honest treatment from residents.
- Conduct meetings in a positive and constructive atmosphere.
- Receive support and constructive input from owners and non-owner residents.
- Personal privacy at home and during leisure time in the community.
- 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:

- 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 homeowners and residents.
- Understand the association's governing documents and become educated with respect to applicable state and local laws, and to manage the community association accordingly.
- Establish committees or use other methods to obtain input from owners and non-owner residents.
- Conduct open, fair and well-publicized elections.
- Welcome and educate new members of the community—owners and non-owner residents alike.
- Encourage input from residents on issues affecting them personally and the community as a whole.
- 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 owners and non-owner residents.
- 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 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.
- 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, e.g., officers, the board and committees. (Community associations may want to develop a code of ethics.)

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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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