

**THE CITY OF ALEXANDRIA'S COMMON INTEREST
COMMUNITIES EDUCATION SERIES
PRESENTED BY THE
12TH ANNUAL NORTHERN VIRGINIA HOUSING EXPO**



CONDO AND COMMON INTEREST COMMUNITIES 101
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PROGRAM OVERVIEW

- What is a Community Association?
- Types of Community Associations
- Legal Basis for Community Associations
- Governing Documents
- Community Rules, Regulations, and Assessments
- Community Governance
- Community Management
- Homeowner Rights and Responsibilities
- Building and Sustaining Community



COMMUNITY ASSOCIATIONS INSTITUTE

- Established in 1973
- 40,000 members
- 63 Chapters – 4 Virginia Chapters
- Primary source of education, research and best practices for common interest community associations



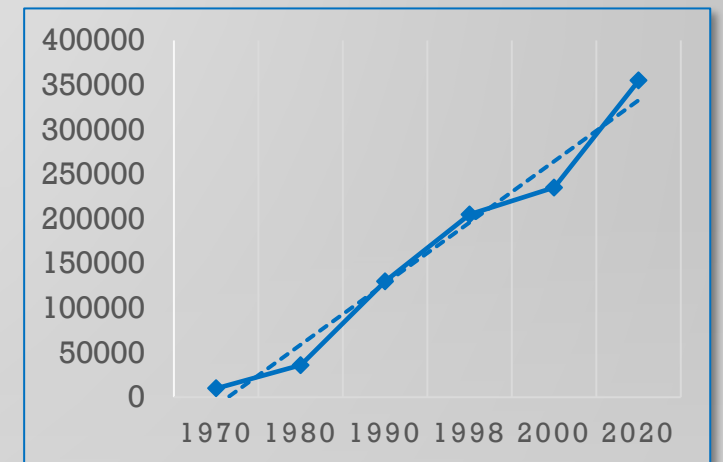
FACTS ABOUT COMMUNITY ASSOCIATIONS

- Estimated real estate value of homes in community associations is about \$9.2 trillion.
- Estimated annual operating revenue of community associations in the U.S. is \$103 billion.
- Sums held in community association reserves are estimated at \$25.8 billion.



COMMUNITY ASSOCIATIONS – BY THE NUMBERS

- 1970: 10,000 community associations
- 1980: 36,000 community associations
- 1990: 130,000 community associations
- 1998: 205,000 community associations
- 2000: 235,000 community associations
- 2020: 355,000 community associations



COMMUNITY ASSOCIATIONS

- 27.5 Million Homes
- 74.1 Million Residents
- 25-27% of the U.S. population lives in a community administered, operated, governed by a community association



COMMUNITY ASSOCIATIONS – BY HOUSING TYPE

- Property Owners – 58-63%
- Condominium – 35-40%
- Cooperatives – 2-4%



COMMUNITY ASSOCIATION SURVEY

- Foundation for Community Association Research.
- Original Poll in 2005 by Gallup.
- Since 2005, surveys conducted in 2007, 2009, 2012, 2014, 2016, 2018 and 2020. – Zogby Analytics.
- Evidence the success of the community association housing model.



TODAY'S COMMUNITY ASSOCIATION HOMEOWNERS ARE:

- Singles
- Empty nesters
- First-time buyers
- Retirees
- Families
- Investors



TODAY'S COMMUNITY ASSOCIATION HOMEOWNERS SAY:

- 89% of residents rate their overall community association experience as very good or good (70%) or neutral (19%).
- 89% say members of their elected governing board “absolutely” or “for the most part” serve the best interests of their communities.
- 74% say their community managers provide value and support to residents and their associations.
- 94% say their association’s rules protect and enhance property values (71%) or have a neutral effect (23%); only 4% say the rules harm property values.



TODAY'S COMMUNITY ASSOCIATION HOMEOWNERS ARE:

Making a commitment to community association homeownership.

- 87% would not consider selling for 5% above market value.
- More than 40% are unwilling to sell under any circumstances.
- Nearly 40% plan to purchase next home in an association.
- 85% believe property values are rising.
- Over 50% plan to improve to their homes.



TODAY'S COMMUNITY ASSOCIATION HOMEOWNERS ARE:

Socially invested

- Half volunteer 3-4 times/year in community
- 10% currently serve on boards
- Nearly 80% are likely to vote in next town election



COMMUNITY ASSOCIATION VOLUNTEERS

- Volunteer Leaders – 2,400,000
- Volunteer Service Hours – 97,600,000
- *Value* of Volunteer Service Hours – \$2.908 billion



PRIME SATISFACTION DRIVERS

- Overall community appearance
- Safety
- Financial accountability
- Location
- Friendly neighbors





WHAT IS A COMMUNITY ASSOCIATION?

A community association provides a communal basis for preserving, maintaining, and enhancing homes and property.



WHAT IS A COMMUNITY ASSOCIATION

- Membership in the association is *mandatory* and *automatic* for all owners.
- Foundational documents bind all owners to be governed by the association and establish limitations on association authority.
- Mandatory lien-based economic charges levied on each lot.



TYPES OF COMMUNITY ASSOCIATIONS

- Planned communities
- Condominium communities
- Cooperative communities





LEGAL BASIS FOR COMMUNITY ASSOCIATIONS

- Federal, state and local statutes
- Regulations
- Court decisions
- Governing Documents
- Lender requirements
- Professional standards



STATUTORY FOUNDATION

- Common Law
- Statutes
 - Horizontal Property Act – Section 55.1-2000
 - Condominium Act – Section 55.1-1900
 - Property Owners' Association Act – Section 55.1-1800
 - Real Estate Cooperative Act – Section 55.1-2100



STATUTORY FOUNDATION

- Non-stock Corporation Act - Section 13.1-801
- Common Interest Community Board - Section 54.1-2345
- Local and State Ordinance
- Federal Statutes
- Fair Housing Act
- Telecommunications Act of 1996
- Federal Flag Act of 2005



CONDOMINIUM ACT

- Supersedes Horizontal Property Act
- Enacted in 1974
- Second Generation Statute
- Establishes rights and responsibilities of developers
- Addresses association operation and governance
- Establishes a regulatory program



CONDOMINIUM INSTRUMENTS

Declaration and Exhibits

- Metes and Bounds Description
- Bylaws
- Plats and Plans
- Common Element Interest Table



PROPERTY OWNERS' ASSOCIATION ACT

- Supersedes Subdivided Land Sales Act –
Section 55.1-2300
- Enacted in 1989
- Primary focus – *initially* - disclosure
- Addresses Association governance



GOVERNING DOCUMENTS

- Recorded map, plat, or plan and property description
- Declaration, covenants and restrictions, master deed, proprietary lease, or occupancy agreement
- Articles of Incorporation
- Bylaws
- Rules and regulations
- Resolutions



3 CHARACTERISTICS OF COMMUNITY ASSOCIATIONS

- Automatic membership
- Governing documents create a contract
- Mandatory assessments



DISTINCTIONS BETWEEN TYPES OF COMMUNITY ASSOCIATIONS

Who owns the common area

- Planned community – non-stock corporation
- Condominium – each individual member
- Cooperative – corporation owns common elements *and* units





3 FUNCTIONS OF COMMUNITY ASSOCIATIONS

- Business
- Governance
- Community



SUCCESSFUL COMMUNITY ASSOCIATIONS PROVIDE MEMBERS

- Organized, productive business operations
- Successful governance principles and practices
- Thorough and effective communication
- Fair and effective rules notification and enforcement procedures
- Creative programs that foster a sense of community



COMMUNITY RULES, REGULATIONS, AND ASSESSMENTS

- Ensure compliance with covenants and restrictions, bylaws, and policies.
- Promote the purposes of the association articulated in the governing documents.
- Govern use of the common area (common elements) and amenities.



COMMUNITY RULES, REGULATIONS, AND ASSESSMENTS

- Establish architectural guidelines and controls
- Establish rules for the use of facilities
- Protect and preserve association property – *common area and common elements*
- Establish maintenance standards.
- Cover common expenses.





COMMUNITY GOVERNANCE

Successful, well-run communities are led by a team of partners who share a common goal.

- Owners
- Board
- Committees
- Management



GOVERNANCE STRUCTURE

- Board of Directors
- Officers
- Committees
- Management





BOARD OF DIRECTORS

- Size
- Qualifications
- Election
- Terms of Office
- Officers
- Powers and Duties
- Conflicts of Interest



COMMUNITY ASSOCIATION BOARDS

- Elected *annually* by Association members.
- Serve for a term – typically 3 years.
- Not compensated.
- Duties and authority defined in governing documents.
- Subject to transparency requirements.
- Fiduciaries.



COMMITTEES

- Terms of references
- Typical
 - Architectural Review Board
 - Covenants
 - Elections
 - Budget and Finance



MANAGEMENT

- Volunteer – self-management
- Association staff
- Management firm
- Hybrid



VOTING AND ASSESSMENTS – CONDOMINIUM COMMUNITIES

- Equality
- Square Footage
- Par Value



PROPERTY OWNERS' ASSOCIATION

Classes of Membership

- Developer
- Owners
- Residential Lots
- Civic Lots
- Commercial Lots



PROPERTY OWNERS' ASSOCIATION

Basis for Voting and Assessments

- Equality
- Square Footage
- Floor Area Ratio (FAR)
- Assessed Value





COMMUNITY MANAGEMENT

- Volunteer or self-management
- Association-employed manager
- Management company





HOMEOWNERSHIP RIGHTS AND RESPONSIBILITIES

- Use of common area
- Membership and voting rights
- Participation in association affairs
- Access to association records
- Financial obligations





HOMEOWNERSHIP

RIGHTS AND RESPONSIBILITIES

- By encouraging community associations to adopt *Rights and Responsibilities for Better Communities*, CAI strives to promote harmony, community, responsible citizenship, and effective leadership.
- For more information, visit www.caionline.org/rightsandresponsibilities.



RIGHTS AND RESPONSIBILITIES

- Promote community dialogue, effective leadership and responsible citizenship
- Define a set of attainable ideals to which community associations can aspire
- Counter media publicity that is often one-sided and anecdotal
- Further demonstrate self-regulation as an alternative to counterproductive legislation



RIGHTS AND RESPONSIBILITIES

Practical, flexible, universal, timeless

- Ideal standards to which communities can aspire
- Practical idea for governance that encourage a stronger sense of community
- A balanced approach that applies to volunteer leaders and homeowners

Not designed to circumvent governing documents or state laws.



RIGHTS AND RESPONSIBILITIES

Practical results

- Fosters improved communication
- Stimulates responsible, engaged citizenship
- Encourages effective, responsible leadership
- Reduces conflict and misunderstanding
- Manages expectation
- Builds consensus
- Promotes harmony and community engagement



RIGHTS AND RESPONSIBILITIES

Utopia does not exist

- Individual 'rights' can conflict with best interests of the community
- Communication can be strained and contentious
- Decisions are not always unanimous
- Leaders can be unreasonable
- Rules and regulations are for 'others'
- Mistakes, missteps and misunderstandings are inevitable



RIGHTS AND RESPONSIBILITIES

Moving closer to the utopian ideal

- Guidance and perspective that can help associations avoid common mistakes
- A framework for communication and expectations that can help communities minimize conflict
- Practices and procedures that encourage responsibility, flexibility and cooperation



RIGHTS AND RESPONSIBILITIES

Adoption is easy

- Be an advocate and be inclusive
- Distribute Rights and Responsibilities to all
- Publicize when adoption will be considered
- Conduct an open meeting
- Explain the importance and benefits
- Solicit input from homeowners – and non-owner residents
- Formally adopt the principles



BUILDING COMMUNITY

*Community spirit
is an essential component
to building vibrant, responsive, and healthy
community associations.*





YOUR QUESTIONS

Disclosure

- Resale Certificate or Association Disclosure packet
- 19 statements
- Financial status
- Condition of unit or lot
- Community information



YOUR QUESTIONS

Reserves

- Increased attention and focus.
- Reserve Study – every 5 years.
- Consider in annual budget development.
- 2022 – Study.



YOUR QUESTIONS

What to consider when purchasing

- Financial condition – budget.
- Restrictions – Pets, Smoking, etc.
- Maintenance Obligations.
- Governance.



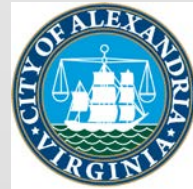
YOUR QUESTIONS

Assessment Collection

- Common Expenses – your contribution.
- *In Rem* – Property Obligation – Lien.
- *In Personam* – Personal Obligation – Civil Suit.
- Limited to Authority in recorded documents.
- Standard practice – apply payments to oldest debt.
- Remedies: lien, civil suit, suspension of privileges, post-judgment remedies – garnishment, foreclosure.



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