best practices

REPORT #5

Community Harmony & Spirit

FOUNDATION FOR COMMUNITY ASSOCIATION research

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Community Associations Institute (CAI) and the Foundation for Community Association Research are dedicated to conducting research and acting as a clearinghouse for information on innovations and best practices in community association creation and management.

What are Best Practices?

The Foundation for Community Association Research is proud to offer function-specific Best Practices Reports in the community association industry. The Foundation has developed best practices in select topic areas using a variety of sources, including, but not limited to, recommendations from industry experts and various industry-related publications. The outcomes of the Best Practices project include:

- documented criteria for function-specific best practices;
- case studies of community associations that have demonstrated success; and
- the development of a showcase on community excellence.

The benefits of benchmarking and developing best practices include: improving quality; setting high performance targets; helping to overcome the disbelief that stretched goals are possible; strengthening cost positions; developing innovative approaches to operating and managing practices; accelerating culture change by making an organization look outward rather than focusing inward; and bringing accountability to the organization because it is an ongoing process for measuring performance and ensuring improvement relative to the leaders in the field.

The Foundation's entire catalog Best Practices Reports is available at www.cairf.org as a free download and for sale in CAI's bookstore.

Overview and Introduction

Community Harmony & Spirit

According to Foundation for Community Association Research's *National Survey of Community Association Homeowner Satisfaction*, the average community association resident volunteers twice a year for community-sponsored events. Nearly 60 percent of respondents said that they participate in each of the following community-wide events: parties, holiday celebrations, neighborhood watch programs, and community holiday decorating. Forty-five percent of respondents said that they participate in other social events. However, 45 percent of community association residents also admitted that they either never volunteer or only volunteer in their associations once a year.

How do managers and boards increase resident involvement within community associations? By treating all residents as stakeholders and developing and conducting community harmony and spirit-enhancing programs and including residents in the initial stages of program development.

Building community spirit is more than informing residents about board action and improvements. It's asking their opinions and developing programming that they will enjoy that will spur further community involvement.

Community spirit means pride in a community. The community associations of today are neighborhoods of yesterday. Spirited communities, like safe neighborhoods, have higher sale values. Community spirit creates an emotional equity that sets communities apart from the rest.

Ways to Promote Community Spirit

To promote community spirit in your community, try one of these activities:

- **Create a neighborhood assistance program.** Seabrook Island Property Owners Association in Johns Island, South Carolina, established the Good Neighbor Connection. Residents volunteer to provide neighbors with all types of assistance and a monthly coordinator assigns volunteers to their respective jobs. Ford's Colony at Williamsburg Homeowners' Association, in Williamsburg, Virginia, chartered Caring Neighbors under its Activities Committee. These volunteers provide cards and personal calls, transportation for medical appointments and rides to the airport, meals for families with an illness or death in the family, loaner items for medical equipment such as canes and crutches, loaner items for grandparents with visiting grandchildren such as cribs and high chairs, handyman services for small jobs, and an extensive resource of those willing to discuss their medical experiences with those facing these challenges. Volunteers coordinate each major service under an elected program director.

- **Hold a neighborhood swim-a-thon.** The Greenbriar Community Association in Greenbelt, Maryland, held a community swim-a-thon. Residents solicited pledges from neighbors for each lap they swam. Greenbriar donated the event's proceeds to the American Cancer Society.

- **Print a community T-shirt.** The management of Village Cooperatives, Inc., in Ann Arbor, Michigan, printed community T-shirts and sold them for $10 each. The back of the shirt read, "I Live on 64 Acres," and the front had the community's logo. Not only does this increase community spirit, but it also generates additional revenue for the association and serves as a marketing tool.

- **Hold a clothing drive.** The board of Atrium in Arlington, Virginia, developed a program to support the work of the charitable organization, Unity Health Care. The organization put bins in Atrium's health club. Residents put items—both new and used—in these bins. Unity Health Care then distributes these items to other charitable organizations in the metropolitan Washington, DC 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 the association. This saves money and is a great community spirit project both for the volunteers and the enjoyment of the residents. Rent an auger for easy installation and don't forget to call your local utility companies to help you mark underground utilities!

- **Discover ways in your community 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. Examples of such efforts at Ford's Colony includes: collecting food at the community center each Thanksgiving for a local food bank and the Salvation Army; opening the community twice each year to a Walk/Run for Hospice and Housing Partnerships with corporate sponsors; sponsoring golf tournaments to support local schools and charities; and contributing direct financial support to public and private school booster clubs, a humanitarian medical center, and an environmental monitoring group. In addition, the clubs in the Ford's Colony Activities Committee sponsor a charity of choice. The Craft Club makes booties, hats, and blankets for the hospital and nursing homes. The nature club, Trailblazers, support environmental monitoring and education in a critical wetland habitant. The William and Mary Fan Club supports the local college athletic department. The Theater Club performs for the nursing homes. The Garden Club collects an extra dollar per person at the monthly luncheons for donations. The Country Club restaurant hosts dinners for charities, such as the Make a Wish Foundation. Given this level of public outreach, the community association is often mentioned in local newspaper articles.

- **Recognize children.** Use your newsletter to note worthy accomplishments in academics and athletics for the teenagers in your community. Coordinate with high schools and your neighborhood parents to get a list of national honor students, first honor students, varsity athletes, and other special honors. Ford's Colony publishes these noteworthy events twice a year.

- **Sponsor a safety seminar.** Did you know that more than 80 percent of child safety seats are improperly installed in vehicles? Coordinate a safety seminar with Emergency Services to educate parents and grandparents on this and other issues such as bicycle safety, Ident-a-Child, medical and medicine alert folders for 911 EMS responses to your home, and Neighborhood Watch.

- **Promote health and well-being.** Use your community center to host a blood drive and/or blood pressure and cholesterol screening. Call your hospital for area coordinators and services. Provide lemonade and cookies as snacks. This is also a great time to pass out a resident survey or just meet residents and gauge their needs.

- **Schedule a poolside movie night.** On Friday nights, the aquatic center at First Colony Community Services Association (FCCSA) in Sugar Land, Texas, is turned into a movie theater where people can relax on a lounge chair or float on a raft while watching a movie.

- **Conduct a resident survey.** Every year since 1994, FCCSA contracts with a professional research firm to conduct a survey of membership opinions on service and issues facing the community. The results of the survey help the board and management budget services. If your association can't hire an outside firm to conduct the survey, go door to door, send the survey via snail- or e-mail, or conduct 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. It is a great way to meet new neighbors and foster community spirit. Friends tend to work out concerns without involving the Rules Committee. One or two families can be the "Block Heads" that coordinate the time and date; determine the needs for salads, entrees, and desserts; provide a few portable tables; secure the cul-de-sac from traffic; open their homes for restrooms; and dispose of trash. Potluck with a dish that serves six to eight usually works well. Individuals bring their own lawn chairs.

- **Choose a signature shrub or tree and celebrate each Arbor Day.** Ford's Colony chose the Pink Crepe Myrtle as its signature tree. Each Arbor Day, the community plants a dozen crepe myrtles in a ceremony keyed to our environment with adults and children participating. The association negotiated a price with a landscape company to install a six-foot crepe myrtle in resident yards on request and uses the monthly newsletter as a reminder.

- **Publicize upcoming events via e-mails and the web.** More and more community association members have websites and e-mail addresses—why not use them? They're an inexpensive way to promote upcoming special events and meetings. Additionally, residents can reply to the e-mails and boards can obtain instant feedback!

- **Publish event photos.** What better way to promote community spirit than to show non-participants all the fun that they're missing?

All of the above-mentioned activities are great in theory, but how do you really get residents involved? Here are some tips.

- **Hook them from the get-go.** When new owners move in, send over a board or committee member to welcome them to the community. Find out a little about the new residents and their interests. Let them know about the community and how it works. Don't just bombard them with copies of your community's rules, regulations, and CC&Rs. Follow-up with a phone call approximately four- to six-weeks later just to check in and see if the residents 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 participate. Ask those who give you new and exciting ideas if they want to help organize the activity.

- **Create activities for new residents.** For instance, Ford's Colony has a Newcomers Club. New residents mingle each month with other new residents. Information is provided at each monthly meeting, with rotating subjects, to help indoctrinate the members into the area. Mostly it is a social opportunity for those with a common bond of being newcomers. An effort is made to not duplicate the interests served by the Activities Committee and to integrate the newcomers into the mainstream activities. Discharge papers are officially presented to Newcomers Club members after their two-year eligibility is up.

- **Give away freebies.** Everyone likes to get something for nothing. Solicit a donation of goods, services, or the money to purchase give-a-ways for your next event. The sponsor will gain visibility within your community and you'll draw more people to the activity. When the residents do make it to the activity, they can mingle with each other and learn more about the association and its benefits.

- **Send thank-you notes.** When someone volunteers—in any capacity—say thanks. Knowing that the board or manager appreciates their involvement goes a long way. It also may start a chain reaction of positive publicity for the board.

- **Practice positive customer service.** If a resident writes a letter, sends an e-mail, or leaves a message, make sure that you reply within 24 hours, even if you don't have a definitive answer yet. Let the resident know that you've received their message and that you're working to find an answer—and give them a realistic time period during which you will respond. This does two things: it acknowledges their concern and it provides a realistic expectation of the time that it will take to get back to them. Make the 24-hour policy known—post it on your Web site, put it on your e-mail away message, and spell it out on your voicemail. Sometimes, a perceived lack of customer service creates animosity between residents, board, and management, and results in lack of resident participation in association-sponsored activities.

- **Hold board office hours.** Have one or more members of the board available once every month to address residents' concerns or questions. With a five-member board, this is only about two nights out of the whole year for each board member. Publish the office hours and location—whether it is at the association's clubhouse or the board member's home itself. This openness counteracts the rumor that boards are not open to input. Have the association's governing documents, resolutions, and meeting minutes available just in case someone wants to see them. Again, this interaction shows residents that the board cares about the community and is open to new ideas. It also personalizes the board and puts faces with sometimes-infamous names.

- **Hold quarterly town hall meetings.** Ford's Colony holds quarterly town hall meetings that are dedicated to information sharing. While board meetings are held for two hours beginning at 3:30 p.m., town hall meetings are held at 7:00 p.m. The board presents an agenda of current issues and conducts a question and answer forum. The board responds to questions but doesn't take action as a board in this forum. Town hall meetings are very well attended with five to ten percent of the adults expected.

- **Look for a reason to celebrate.** Celebrate your association's success. Celebrate holidays—big and small, traditional and quirky. It's a great way to meet neighbors and get people enthusiastic about the community.

- **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 local officials and organizations your association's newsletter and upcoming programs 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 to host a Candidates' Night in October of election season. It is a great way for residents to meet the candidates in either a night dedicated to each political party or in a debate forum. The candidates will eagerly provide refreshments for this opportunity. Allow an insert, paid by the candidates, in your November or October newsletter in a standardized information format that includes a 3x5 inch picture along with the candidate's short bio and campaign focus points. Appoint a group of volunteers that 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, get early leads on issues, and report back to the board. The liaisons should also have direct relationships with the local government planning department for early warnings as well as feedback into the very important planning staff recommendation.

- **Establish standing committees with meaningful responsibilities and clean charters.** If people have defined roles and responsibilities with a goal in sight, they're more apt 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. You might involve people who weren't planning on it.

Case Studies of Community Harmony & Spirit

case study #1

The Landfall Council of Associations, Inc.

Size: 1000 homes

Location: Wilmington, North Carolina

Board Size: Seven (7)

Landfall is a 2,200-acre gated community master association with 22 sub-associations comprised of two condominium associations and nine villa communities. It has 1000 homes on its 1,800 lots. Landfall's beauty, peace, and tranquility are prevalent in its owners' attitudes, spirit of giving, and cooperation, and are enhanced by its natural surroundings. Landfall Council of Associations works closely with its members. Residents initiate and sponsor the many programs supported by the community association. Further, residents belong to charitable organizations that benefit both Landfall and the Wilmington community. They participate in sports associations that utilize its recreation fields, seek political involvement through Landfall elections and political forums, and support the beautification of both Landfall and the Wilmington area. Landfall residents enliven the senses with their efforts to not only create, but also to maintain the harmony and spirit of life.

The Landfall Foundation

The Landfall Foundation is a charitable organization formed in 1996 to establish a community support effort specifically originating from Landfall residents. The Landfall Foundation's purpose is to provide financial support to charitable organizations and activities principally for the Greater Wilmington area and New Hanover County. It donates funds to federal tax-exempt charitable organizations whose missions are to support health and welfare activities, education, and the arts. Priority is given to organizations with low administrative overhead and high volunteer participation. In 2000, the Grants Committee gave $35,000 to charity, and by the close of 2001, the goal of at least $45,000 will be reached.

The Foundation raises funds through individual solicitations and special events throughout the community. Many Landfall residents actively contribute both time and money to the Foundation's causes and activities. Landfall residents hope that the Foundation will be a vehicle through which they can maximize their support to local smaller charities and activities. Typical grants are distributed in the $500 to $2,000 range, and the Foundation will give priority to projects where such amounts can make a difference.

Landfall's Annual Fourth of July Celebration

Landfall's Fourth of July Committee starts preparations in January for the community's largest annual celebration. This event requires advanced planning, dedicated volunteers, and lots of hard work. This all-day, fun-filled event has activities for residents of all ages, such as golf and tennis competitions, kids games, sack races, a pie eating contest, a dunking machine, a two-generation softball game, a vehicle and children's parade, and a flag raising ceremony. It concludes with an old-fashioned cookout at the clubhouse. In 2001, more than 800 residents participated in this event.

The Great Oaks Club
Founded in 1991, the Great Oaks Club encourages environmental improvement and aids the protection and conservation of native trees, plants, and wildlife. The Great Oaks Club has more than 200 members who help beautify the common grounds of Landfall. Some of the club's activities include decorating for Christmas, arranging workshops and educational seminars relating to Coastal Carolina, and a variety of social activities for those interested in Southern classic plants, wildlife, gardening, perennials, and more.

Habitat for Humanity
A Landfall resident, who is a local builder, and his wife have organized the construction of a Habitat for Humanity home. Resident volunteers are constructing a four-bedroom home in Wilmington, NC. The association's Great Oaks Club is donating their landscaping expertise to the project, and a resident attorney is donating his legal services. Construction began August 1, 2001.

Provisional Membership Program
The Country Club of Landfall is an integral part of its community and the center of social activities. It is a private equity club and members must be Landfall property owners. Therefore, the board of the Country Club of Landfall has created an exciting program that offers non-club member residents an opportunity to try a provisional membership free for one year. Payment of the yearly dues along with the food and beverage minimum, paid in advance, entitles the non-club member to all of the privileges of that particular membership. Once the provisional membership expires, the provisional member may join the Country Club of Landfall by paying the equity initiation fee.

Tree Replacement Program & Fall Festival
Tens of thousands of trees have been destroyed as a result of six hurricanes and tropical storms over the past five years. Therefore, the Planning Committee developed an aggressive tree replenishment program with the installation of 500 trees and 300 saplings annually for the past two years. It has been, beyond all expectations, a contagious effort by the owners. Consequently, a tree sale and vendor fair is evolving into a community wide event. A Fall Festival is in the works with help from the Agricultural Extension Office, the local authorities, fire and police, the association's landscaping staff, and many other vendors that the Landfall Council of Associations deals with every day. This festival will be a great opportunity to ask questions to the landscapers, fire department, the agricultural office, the lake contractor, and many others. It will also be an ideal time to purchase trees, shrubs, plants, etc. from the wholesalers themselves.

case study #2

Riverwoods Plantation RV Resort Condominium Association

Size: 640 units

Location: Estero, Florida

Board Size: Seven (7)

Riverwoods Plantation is a National Community Association of the Year (NCAYA) Hall of Fame 2000-2002 member located in southwest Florida. Of its 78 acres, residential park homes are constructed on 60 acres, while a recreational area, private roadways, a boat ramp, boat docks, a picnic area, a pitch and putt golf green, and a 116-space boat storage facility comprise the remaining land.

Two of the top priorities at Riverwoods are promoting community involvement and volunteer programs. Many residents participate in various civic and service organizations and are acquainted with members of the Lee County Board of Commissioners. These volunteers coordinate many Lee County projects such as establishing bike paths, developing four-lane roadways, establishing a senior health center, building stop lights at dangerous intersections, landscaping roadways, and instituting hurricane shelters and water conservation projects. Additionally, association residents played an integral part in preventing a land development company from developing adjacent land, which was home to a family of bald eagles, Florida panthers, black bears, and land tortoises.

Residents also have the opportunity to participate in numerous charitable events throughout the year including:

- Volunteering for Meals on Wheels.

- Volunteering at local nursing homes, hospitals, senior centers, blood banks, churches, and the Humane Society.

- Becoming part of the association-sponsored group Sharing With Others, which sews and purchases items for local foster children and battered women organizations.

- Giving a scholarship to a worthy local high school graduate to attend a local university.

- Holding the Senior Mini-Olympics, an event where people from Ft. Myers, Cape Coral, and Naples compete in various Olympic-like events. The association donates all event proceeds to Estero High School.

- Volunteering at the association's senior friendship clinic and center.

However, the most unique program at Riverwoods is the ½ Bubble Construction Company. In 1987, nine residents who work in or have a hobby in the building industry established the ½ Bubble Construction Company. It's goal? To help the association's maintenance staff complete its tasks—without adding additional costs. The group is overwhelmingly successful. The number of volunteers has grown to 134 in the past 14 years. Company members include electricians, plumbers, mechanical and electrical engineers, brick layers, artists, blue print drawers, cement finishers, designers, draftsmen, architects, carpenters, roofers, aluminum workers, heavy machine operators, painters, and telephone technicians. The company's coordinator, Mid Kitchen, works with the county on permits and sets up as many as six different projects a week, organizing volunteers

for each of the projects. He orders the materials for all the projects and designates both a job foreman and a foreman for each trade needed to complete the project. The association also has both a photographer and a reporter who chronicle the company's projects in the association newspaper. To protect the association and its volunteers, the association purchased extra insurance that covers up to 70 volunteers at a time.

The various projects that the company has completed include:

• Repaired retaining walls, pilings, finger piers, walkways, and ramp at riverfront.

• Converted old sewer plant and holding ponds over to a RV storage area that holds 70 RVs, 82 sheds, and 32 cars or trucks.

• Installed a solar electric system for the pool and spa.

• Dug and installed irrigation lines with sprinklers throughout the entire 83 acres.

• Installed 14 air conditioners and new air handlers, 42 pieces of duct, and 42 registers.

• Built a 59x28 pavilion with counters, sinks, handicap restrooms, and patio for barbecues.

• Put two new spillways into one of the lakes.

In addition to these larger projects, the company also does most of the minor repair jobs. Most volunteers work every Wednesday from November until May. This program has saved Riverwoods a substantial amount of money. In fact, for some projects it's not just the manpower that is donated—it's also the materials. For instance, private individuals paid for the installation of two lake fountains, and the pavilion was funded by the association's memorial fund and dedicated to residents who have passed away. Every year staff conducts a resident survey to help determine what projects the ½ Bubble Company will tackle next. The program has been extremely successful and representatives have visited other communities to talk about and explain how others can start a similar program.

case study #3

Chicago Homes of Dearborn Park Homeowners Association

Size:	36 single-family homes
Location:	Chicago, Illinois
Board Size:	Five (5)

Chicago Homes, located near Chicago's south side, is a community that embraces community spirit. This sense of community is attributed to individual residents' commitment to, and involvement with, the homeowners association. Whether their roles are large or small, residents can choose the degree of participation with which he/she feels comfortable. Additionally, each resident respects and accepts their neighbors' involvement. In fact, non-board members plan some of the activities. Just what activities do all these volunteers plan?

- **Holding a progressive dinner.** For instance, a resident regularly organizes a Christmas-time progressive dinner. Residents volunteer to open their homes and cook one component of the meal. Neighbors go to the assigned homes for each of the dinner's courses and proceed to the next home for the next course.

- **Planning a community picnic.** Residents organize a picnic in the association's driveway (the back of each home is on the driveway) each summer for residents to mix and mingle.

- **Coordinating a book club.** Another resident began a monthly book club. It's still strong and growing after three years.

- **Participating in the City of Chicago's "Adopt-a-Street" program,** which recognizes residents who beautify and maintain their community.

- **Tutoring** children at a neighboring school.

- **Attending Community Alternative Policing Strategy (CAPS) meetings** at the neighborhood police station to learn about crime and quality-of-life problems in their neighborhood or to report problems they have noticed in the area.

No one in the association is pressured to do anything beyond their level of interest. No one is asked to do anything they would prefer not to. For example, instead of asking a resident to start a homeowners Web site, the association waited until one resident (who hadn't been involved with the association at all) suddenly found his "niche" and came up with the idea to start one!

This is the secret to Chicago Homes' success—encouraging residents to participate in and coordinate activities that complement their natural interests (and not to pressure or ask anyone to contribute beyond that natural interest). Residents know they are appreciated and respected and not looked down upon if, for instance, they don't attend board meetings.

case study #4

Pelican Cove Condominium Association, Inc.

Size:	731 condominium units
Location:	Sarasota, Florida
Board Size:	Nine (9)

Pelican Cove Condominium Association, Inc. is a residential community that full-time residents, part-time residents, and snowbirds call home. The association, constructed in a native hammock, on 75 acres on the east side of Little Sarasota Bay in Sarasota, Florida, consists of approximately 80 two-story residential buildings, six swimming pools, three recreation centers, four tennis courts, one sauna, one spa, two small gazebos, and five and a half miles of private roads. Clower Creek meanders through the property, and a man-made channel provides boat access from Pelican Cove's 85-slip harbor to the Bay and Gulf of Mexico.

The 35-member staff works hard to maintain and improve this unique property for the benefit of the active and informed membership of approximately 1,200. Likewise, the board of directors recognizes that sound financial management, proactive capital projects,

and frequent, effective communication are the keys to maintaining this dynamic and progressive community.

It's well known that volunteers make the world a better place in which to live. It's also known that volunteers are one of the key ingredients in creating a true community out of a condominium association. They are needed to serve on the board, research topics for committees, organize parties for clubs, and take reservations. The best volunteers do not give of their time and talents in order to receive never-ending praise—they give in order to witness others enjoying the fruits of their labors.

In an attempt to draw attention to this noble, extremely low-paying, and often thankless job, the association began a recognition program for volunteers at the February 2000 annual meeting. The winners were announced during the meeting in front of an audience of approximately 300 unit owners. One of the awards presented was the Sterling Award named after the then-president, Sterling Emerson, who has always been a major proponent of volunteering.

These award winners are fine examples of the importance of volunteers—for it is these individuals who go the extra mile to conceive and organize events and programs that truly make Pelican Cove a wonderful place to live. A public thank you and a $50 gift certificate to a local restaurant is the least the association can do in recognition of their accomplishments.

case study #5

The Ford's Colony at Williamsburg Homeowners' Association, Inc. (FCHOA)

Size: 2,400 residential units

Location: Williamsburg, Virginia

Board Size: Five (5)

Ford's Colony is a 2,800-acre gated-community, mostly single family, with one sub-association of townhomes. The community is zoned for 3250 residential units and a hotel/conference center. More than 2400 residential units are sold with 1500 homes built as of August 2001. There is a private golf resort of three championship courses and a country club, which has an AAA Five Diamond restaurant open to the public. Marriott Vacation Club owns a 200-unit timeshare in the golf resort area. A 35-acre, 400-room hotel is planned for the future.

Ford's Colony is a National Community Association of the Year (NCAYA) Hall of Fame 2000–2002 member located near Williamsburg, Virginia. More than 50 percent of the 2800 acres is open space with more than 500 acres in wetland preserve and ponds. The association maintains 38 miles of private roads in this gated community with private security. The community transitioned to an elected board of directors in February 2000. The association retains the developer, Realtec Incorporated, AAMC®, as the management agent. Realtec employs 65 people in administration, recreation, maintenance, and security. Ford's Colony is the winner of numerous awards in land planning, environmentally sensitive development, marketing, golf, restaurant operations, and association management. Most notable awards include the Take Pride in America Award, Number One Master Plan in the United States, AAA Five Diamond, DiRona Award, and CAI's NCAYA. Ford's Colony is listed among the Top 50 Places to Retire in North America.

The association board of directors chartered nine committees to assist and advise in matters of activities, communications, covenants, facilities, finance, nominating, road maintenance, security, and strategic planning. The Activities Committee is comprised of sixteen clubs and groups and is charged with the community spirit programs. There are several smaller groups, but any group comprising at least 25 people can petition to join the Activities Committee for priority scheduling of the common facilities and dedicated print space in the monthly newsletter. Members of this committee include bowling, bridge, caring neighbors, computer, crafts, dinner, garden, hospitality, newcomers, swim team, tennis, theater, Trailblazers, travel, William and Mary Fan, and youth activities.

In addition to the club activities, community spirit programs include: an annual yard sale with residual items donated to Kings Daughters Hospital; a Walk/Run each spring and fall with proceeds to Housing Partnerships and Hospice respectively; thirty neighborhood block parties each August; quarterly trash pickup on a local road; host facility for annual CAI ABCs training for associations in the Central Virginia Chapter; and quarterly theme dinner socials. Ford's Colony is renowned for its volunteerism and charitable giving. Most clubs connect with a local charity and provide personal time, gifts, or financial contributions. The association's budget includes a line item for charitable contributions made to high school booster clubs, environmental monitoring, and a medical center for the needy. A significant portion of the association's annual meeting is in celebration of community volunteerism. Churches, nursing homes, schools, local government, charities, and the hospital are the beneficiaries. The association is a Connected Neighbor with other associations in the county area and assists smaller associations with advice and training. The newspaper routinely acclaims the volunteerism in Ford's Colony resulting in breeding even more community involvement.

Through the Caring Neighbors program, volunteers assist the association's residents in temporary need. Two program directors coordinate the mission and disseminate leads to the appropriate sub-group. Each sub-group is led by two or more coordinators. Cares and Concerns writes personal cards and makes phone calls to express sympathy and compassion. Chauffeur on Loan provides transportation for medical services or an airport pickup for arriving family in bereavement. Cook's Pantry provides meals for those unable to prepare meals due to a death or illness in the family. Often casseroles are prepared in advance and kept frozen. Granny's Attic maintains a list of residents willing to lend a crib, highchair, car seat, and other items for visiting grandchildren. Handyman is a list of volunteers willing to do odd jobs for those that need a little help around the house. Medical Information Network is a resource of people willing to talk about a personal experience with a medical condition to discuss medical treatment and recovery. Nurse's Closet maintains a list of those willing to loan medical equipment such as walkers, crutches, and wheelchairs. Overall, Caring Neighbors is so successful, yet simple in operation, that it is being emulated throughout many associations across the country. It is rooted in volunteerism and community spirit. Minimal program costs are quickly supported by donation. Recipients are touched by the community compassion and wish to return the kindness to others. What you would do for your family and closest friends is being done on a community-wide basis.

Additional Resources

Books available from CAI

Be Reasonable! How Community Associations Can Enforce Rules Without Antagonizing Residents, Going to Court or Starting World War III, by Kenneth M. Budd, 1998.

The Board Member Tool Kit, 2009.

Building Community: Proven Strategies for Turning Homeowners into Neighbors, 2011.

Communications: How Community Associations Stay in Touch, by Debra H. Lewin, 2008.

Community Matters: What You Should Know Before You Buy, 2005.

Conflict Resolution: How ADR Helps Community Associations, by Mary Avgerinos, 2004.

Copyright Free Articles: for Community Association Newsletters & Websites, 2009.

Copyright-Free Articles, Vol. 2, for Community Association Newsletters and Websites, 2013.

From Good to Great: Principles for Community Association Success, 2009.

The Homeowner & the Community Association Brochure

Homeowners Associations: A How To Guide for Leadership and Effective Participation, by John Paul Hanna & Grace Morioca, 1999.

New Neighborhoods: The Consumer's Guide to Condominium, Co-op, and HOA Living, by Gary A. Poliakoff and Ryan Poliakoff, 2009.

Perfect Phrases for Dealing with Difficult People, by Susan Benjamin, 2007.

Reinventing the Rules, by Lucia Anna Trigiani, 2002.

Surveys: A Guide for Community Associations, by George Einfeldt, LSM, PCAM, and William Trochim, PH.D., 2006.

True Stories of Survival & Triumph, 2006.

Volunteers: How Community Associations Thrive, by Debra H. Lewin, 2005.

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

Other Books

Building Communities from the Inside Out: A Path Toward Finding and Mobilizing a Community's Assets by John P. Kretzmann, John L. McKnight; ACTA Publications, 1997. ISBN: 087946108X.

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Community Building: What Makes It Work: A Review of Factors Influencing Successful Community Building by Paul Mattessich, Barbara Monsey; Amherst H. Wilder Foundation, 1997. ISBN: 0940069121.

Best Practices Reports *(available at www.cairf.org)*:

Community Harmony & Spirit

Community Security

Energy Efficiency

Financial Operations

Governance

Green Communities

Reserve Studies/Management

Strategic Planning

Transition

About the 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 volunteer leaders, community managers and other professional service providers, legislators, regulators and the media. Our work is made possible by your tax-deductible contributions.

Your support is essential to our research. Visit www.cairf.org or e-mail foundation@caionline.org.

About Community Associations Institute (CAI)

Community Associations Institute (CAI) is an international membership organization dedicated to building better communities. With more than 32,000 members, CAI works in partnership with 60 chapters, including a chapter in South Africa, as well as with housing leaders in a number of other countries, including Australia, Canada, the United Arab Emirates and the United Kingdom. CAI provides information, education and resources to the homeowner volunteers who govern communities and the professionals who support them.

CAI members include association board members and other homeowner leaders, community managers, association management firms and other professionals who provide products and services to associations. 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 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, innovations and best practices in community association development, governance and management.

We believe homeowner and condominium 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. Our mission is to inspire professionalism, effective leadership and responsible citizenship—ideals reflected in associations that are preferred places to call home. Visit www.caionline.org or call (888) 224-4321.

FOUNDATION FOR
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research

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DEVELOPING FUNCTION-SPECIFIC BEST PRACTICES in the community association industry has been a goal of Community Associations Institute and the Foundation for Community Association Research for several years. The Foundation has developed best practices in select topic areas using a variety of sources, including, but not limited to, recommendations from industry experts and various industry-related publications. The outcomes of the Best Practices project include:

- Documented criteria for function-specific best practices.
- Case studies of community associations that have demonstrated success in specific areas.
- A showcase on community excellence.

best practices

Community Security

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best practices

Community Associations Institute (CAI) and the Foundation for Community Association Research are dedicated to conducting research and acting as a clearinghouse for information on innovations and best practices in community association creation and management.

What are Best Practices?

The Foundation for Community Association Research is proud to offer function-specific Best Practices Reports in the community association industry. The Foundation has developed best practices in select topic areas using a variety of sources, including, but not limited to, recommendations from industry experts and various industry-related publications. The outcomes of the Best Practices project include:

- documented criteria for function-specific best practices;
- case studies of community associations that have demonstrated success; and
- the development of a showcase on community excellence.

The benefits of benchmarking and developing best practices include: improving quality; setting high performance targets; helping to overcome the disbelief that stretched goals are possible; strengthening cost positions; developing innovative approaches to operating and managing practices; accelerating culture change by making an organization look outward rather than focusing inward; and bringing accountability to the organization because it is an ongoing process for measuring performance and ensuring improvement relative to the leaders in the field.

The Foundation's entire catalog Best Practices Reports is available at www.cairf.org as a free download and for sale in CAI's bookstore.

best practices

Contents

Introduction

A community association board has many responsibilities—setting goals and approving budgets; conducting open, fair, and well-publicized elections; organizing events that foster neighborliness and a sense of community, to name a few. But a board's chief responsibilities, arguably, are to maintain and enhance the common areas and protect home values. Many communities seek to fulfill these responsibilities with security features, vendors, and systems that protect residents and property. The goal of this *Best Practices Report* is to give you an assessment and review of many community security systems and features—including useful tips and tools—to help meet residents' crime prevention needs.

Community security is not a one-size-fits-all venture. What may work for a high-rise condominium may not necessarily meet the needs of residents in a large-scale, planned community. A small, rural townhome association will approach community security needs and systems much differently than an urban, mixed-use development, which may employ security guards, video surveillance, and perimeter gating. Surveying residents about the community's security needs, desires, and goals is an important first step in the decision-making process—to get a sense of the security level members need and want. A board must also take into consideration the community's budget and make decisions that align with the association's financial and legal obligations and objectives.

There are many other key factors an association should consider when establishing a community-wide security program, including:

- What potential for danger or crime exist in your area?
- Are there any security-related requirements in the governing documents or local law?
- What exactly and who specifically does your community want to protect?
- Who will be responsible for researching, implementing, maintaining, and evaluating the security plan and system?
- Does the community have a common communications network, such as a website or blog, so that all interested parties, e.g., board members, management, and residents, can weigh in?

definition of physical security

According to Whatis.com, physical security is "the protection of personnel, hardware, programs, networks and data from physical circumstances and events that could cause serious losses or damage to an agency, institution or community. This includes protection from fire, natural disasters, burglary, theft, vandalism and terrorism. Breaches of physical security can be carried out with little or no technical knowledge on the part of an attacker. Moreover, accidents and natural disasters are a part of everyday life, and in the long term, are inevitable.

There are three main components to physical security. First, obstacles can be placed in the way of potential attackers and sites can be hardened against accidents and environmental disasters. Such measures can include multiple locks, fencing, walls, fireproof safes and water sprinklers. Second, surveillance and notification systems can be put in place, such as lighting, heat sensors, smoke detectors, intrusion detectors, alarms and cameras. Third, methods can be implemented to apprehend attackers (preferably before any damage has been done) and to recover quickly from accidents, fires or natural disasters."

- Are there any insurance considerations or security-related liability issues?
- How will you measure whether a security system has produced superior results?
- Other factors to consider:
    - Convenience
    - Community involvement
    - Safety improvement
    - Ongoing evaluation of program

This report addresses various security-related options that are available to community associations, including security services, access control systems, alarm systems, gates, and surveillance systems. Along with suggestions about assessing the need for crime prevention, this *Best Practices Report* provides readers with professional, unbiased information about the most commonly used contemporary crime prevention strategies and a glimpse into the future of community-level crime prevention.

SECTION 1

Your Association's Obligation to Undertake Security Measures

Prevention is the most effective action against crime. Unfortunately, crime prevention usually becomes a hot topic in a community after someone is assaulted or robbed. Analyze your community association's authority, legal obligations, and security needs now before an adverse situation occurs.

What is the board's obligation to act? Does the board have the ability to make a decision to refrain from taking action, or does it have an obligation in all cases to take some affirmative action? Clearly, there is a difference between making a conscious decision not to take an affirmative step and merely doing so through inactivity—here is a brief review of the legal consequences of each.

The board's legal obligations in the exercise of its management powers are:
- To obey the governing documents
- To have a duty of diligence in the conduct of its activities, and
- To effectively carry out its fiduciary duty to the association and its members.

Common theories used to sue the community association for third party criminal acts include:
- Breach of duty to provide adequate security
- Breach of contract, and
- Misrepresentation.

Both the community manager and the board should understand how to properly discharge their responsibilities under the standards of reasonableness and the duty of care.

When applying the reasonableness standard, determine:
- Whether the decision is arbitrary or capricious.
- Whether it is non-discriminatory and even-handed.
- Whether it was made in good faith for the common welfare of the owners and occupants of the community.

When exercising due care, each board member should:
- Give the association the benefit of his or her best care and judgment.
- Exercise his or her powers in the interest of the association and the members.

The manager and the board also need to analyze their scope of overall authority. They should first look to the association's governing documents, as the articles of incor-

poration establish the purpose of the association, and the bylaws and/or declaration contain specific provisions regarding the duties of the board of directors.

The manager and the board should then conduct an analysis of their legal obligation. An attorney can assist them in reviewing the foreseeability of danger within the community, and case law decisions and trends. Courts in different states have both upheld and denied the association's duty to provide security. The courts have also ruled on an association's duty to properly investigate their employees.

SECTION 2

Impact of Crime on the Community

Community associations have a responsibility to protect the investments of the community members. A person's home or unit is typically his or her largest physical investment, thus protecting property value should be a main concern of any association. In addition, perceptions of personal safety influence current residents' decisions regarding relocation and rank high in perspective buyers' relocation choices.

Assuming that a community is faced with real—as opposed to "perceived" crime—the association can begin to address the impact of that crime by asking several fundamental questions.

Has crime increased resident instability?

Communities can measure *resident instability* in several ways. Two typical methods of measuring resident instability are residential mobility and owner occupancy. Resident mobility measures the frequency in which residents move in and out of the community, while owner occupancy is a rate assessing the number of resident owners. Combining these two measures provides community leaders insight about the prevalence of community instability.

Has crime affected property values?

Crime can have a negative impact on property values. For example, criminal mischief crimes, such as graffiti and destruction of property, directly reduce the value of the targeted property.

Has crime affected the quality of life within the community? Has it decreased community activity participation or is it over-represented in community meetings?

These questions attempt to measure the impact crime has on the quality of life within the community. Most directly, if crime in the community disenchants community members, and they believe the association is not addressing the problem adequately, the majority will take one of two approaches: (1) withdraw from social activities or (2) focus excessively and exclusively on crime in community meetings. Either of these responses is perfectly natural, however, both are evidence that crime has a negative effect on the community.

Community Response to Crime

When crime in a community association is real and increases in frequency, a board of directors will often take a look at its own efforts and response and determine if additional action is necessary. A community's response to crime can be assessed in several steps. To identify and measure a community's response to crime, four basic questions may be asked.

1. What is the community doing to prevent crime?

The initial step in analyzing crime prevention or crime control is to identify what measures are being implemented to address the crime problem, in other words, what is being done? There are several crime prevention strategies that community associations can implement—such as environmental designs, human capital investments, and electronic monitoring, all of which address crime in different manners. This is the assessment phase of a community's response to crime.

2. How does "perceived" crime influence the community's crime prevention efforts?

The second phase of the community response to crime addresses how the community feels about the communal response to crime. Residents' perceptions of crime are the driving force behind community-level expenditures. Perceptions of crime do not always relate to the actual amount of crime within the community. Additionally, responding to crime does not address the residents' fear of crime; therefore, informing residents of community responses to crime is critical for resident satisfaction. Thus, it is imperative for communities to gauge the residents' perceptions of their crime prevention activities to determine whether residents approve of their response.

3. Is the crime response successful?

The third step to assessing the community response to crime addresses the effectiveness of the community's response. It is plausible that a community could implement a crime prevention strategy but fail to meet its objectives or expectations. For instance, installation of neighborhood lights will not affect daytime burglaries because the lights will not be of use during the time the burglaries are occurring. If the community's crime prevention response is ineffective, inaction would prove more beneficial. Over-taxed association budgets necessitate effective programs that provide the most crime prevention per funding.

4. What are the side effects of the community's crime prevention activities?

Identifying the side effects of a response to crime is the final step. Just as crime results in a community responding with programs to prevent or reduce crime, crime prevention programs can have unanticipated effects on the community residents. This concept is observable in all communities, but a prime example of this relationship is gated communities.

Gated communities provide a physical barrier between the community and the surrounding area as a form of crime prevention, however, residents are required to validate themselves and their guests when entering the community. This is a classic example of the social contract: the individual relinquishes certain freedoms for macro-level protections.

Assessing the impact crime has on the community and the community's response to crime can help an association develop a crime prevention program. Unfortunately, there is no one-size-fits-all method of obtaining data related to these questions. What may work in one community may not work in another; therefore, this process allows the individual community association to assess its own situation and take custom designed steps for crime prevention.

SECTION 3

Developer Considerations

A developer can have a substantial impact upon the security systems and features a community association ultimately chooses to obtain and implement. Will the community be gated? How much lighting should be placed around the community—and in what areas? Should the community be wired for security cameras and video surveillance equipment? Can landscaping, i.e. placement of bushes, trees, and shrubs, be used effectively to enhance residents' sense of safety? The developer has the opportunity to establish various security norms and practices right from the very beginning.

The Role of the Developer

Prior to the creation of a community association, the developer begins the development process. Once a tract of land has been identified, the developer must garner control of it. Typically, a developer will enter into a contract to purchase the land, subject to certain conditions. Once the ground is under control of the developer, the developer's due diligence begins.

Throughout due diligence, rough sketch plans are prepared. Frequently, a developer will share sketch plans with local officials to solicit their input before more costly hard engineering plans are prepared. The developer should consider hiring a professional management company on a consulting basis to provide input on the plans and ensure that the association will be able to reasonably maintain the common elements—and to offer their advice about whether to install security systems and features. Once the developer decides to proceed with the project, more detailed engineering plans are finalized. It is at this point that the developer begins to consider the rights, powers, and duties of a community association. For larger projects, clubhouses and other amenities need to be designed and located on the plans. These clubhouses and amenities very often will be owned and maintained by the community association. In addition, traffic (both vehicular and pedestrian) and parking considerations need to be taken into account.

> **IMPLEMENTING SECURITY: a look from the developer's perspective**
>
> To secure or not secure...
>
> - Security can reduce liability concerns.
> - Security can be a great marketing tool.
> - Security can promote prestige within the community.
> - Security may be used as a deterrent from outside communities.
> - Security can be a good will ambassador.
> - Security as an emergency responder.

Amenities

Developers often construct community associations with a wide variety of amenities that are designed to entice potential owners to invest in their associations. Gated communities are a perfect example. Many developers recognize that gated communities can command higher home prices and sell units faster than non-gated communities. A lower quality gate system may operate reasonable well in the community's initial stages of development due to reduced traffic flow. At some point, however, the developer turns

over responsibility for the amenities, including the gate system to the owners, and it is highly recommended that the community contract with a reputable gate access control contractor to perform a system evaluation prior to taking ownership of the system. In some cases, the developer may even finance some of the desired system modifications and updates. And where this is not a possibility, the community will be well informed about what is needed and be in a better position to budget accordingly.

A developer can turn to a number of sources for information about how to go about establishing a security program. Some of these sources include:

- Local law enforcement
- Security consultants
- Marketing studies
- Insurance consultants
- Other communities in the area

SECTION 4
Security Services

It is often misunderstood what role a contract security firm plays when providing security at a community association. Legally, there are many limitations to what actions a security officer can take—whether armed or unarmed.

Many limitations and liabilities arise from action(s) expected to be taken or as the result of a criminal action or serious CC&R violation reportedly taken place. The legal powers of a security officer are usually limited to that of a citizen or a client representative on private property. In comparison, the powers of a police officer and the release from liability they are subject to while acting in their emergency authority carries very little liability in the history books of case law precedent.

Employing a security officer to respond to emergencies within a community on streets, parks, clubhouses, pools, fitness centers, and potentially on an owner's or resident's property is a scenario that must have a scope of work clearly defined through professional legal advisors. The safety of the officer is paramount to the security contractor and at the same time the safety of the owner or resident is paramount to the client or association board. These two concerns can only be brought into alignment through well defined practices and training to those calls for service.

The role of the security officer before and after police, fire, or medical personnel arrive on a scene is different as well and must be addressed in any type of agreement, the scope of work, and in the training program that must take place onsite with the security officers, club house staff, management company, etc. Expectations for security officers must always include what they are expected to do, how they are to do it, when they are to do it, and most importantly, those actions and responses that are never to be done— this is where most firms incur grave liability.

And this legal impact is not confined to the security contractor. If a perceived legal violation has occurred, then most parties involved—security contractor, community associations, and management companies can all get drawn into the dispute. Other factors, such as public roads versus private property, limit the role of a security officer in different ways.

Observe and Report
At the heart of a security service's scope is the phrase "observe and report." The limitations as to what an officer can do in the case of criminal activity make proper observation and accurate and speedy reporting a critical part of the security team.

Deterrence
Ultimately, the best goal of any security system is to deter criminal activity. This is best achieved by striking a balance between high visibility and customer service. A mobile patrol through a community with flashing yellow lights is highly visible. But, some communities find that this is too disruptive of the aesthetic goals of the community. However it is achieved, designing a security solution that creates a high-level of awareness to the criminal element goes a long way to accomplishing the community's security goals.

Clearly Defined Objectives

A successful security solution within a community is built upon clear, two-way communication. Expectations are best managed with detailed "post orders" of what the community expects from the security team. But, it is equally important that some abbreviated form of these post orders be distributed to the community, or posted for reference on the community website, so that community members are not expecting support or activity from the security team that is clearly outside of their orders.

Ultimately, the work of defining these post orders should occur at the outset of a new contract. Even though it is a "living document" and will adjust to changing situations, it should be set up early and the security team should be clearly trained on them. It is important to cross reference the post orders with the community documents in order to make sure that they are not in conflict regarding rules enforcement, signage rules and restrictions, traffic rules, and parking enforcement.

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key security considerations

Areas to consider when developing terms and conditions to a scope of work for a security program:

Residential Specific Issues
- Parking enforcement
- Speeding issues or the use of radar
- Privacy issues
  - Neighborhood Watch
  - Video surveillance
  - Residential information
  - Personal habits
- Liability issues
  - Entering private residences and alarm response and/or verification
  - Armed vs. unarmed guards and use of firearms
  - Full time vs. part time presence of security and when things happen before or after security is on duty
  - Onsite officers versus periodic or random vehicle patrols, or a combination of both
  - Legal issues for providing breaks and meal periods to officers assigned to a fixed post such as a gate house
- Serving many "masters"—setting up proper reporting procedures
  - Community management
  - Board of directors
  - Individual owners
  - Maintenance reporting and expectations to repair or clean facilities vs. providing a security presence and carrying out security specific duties

- Gated vs. non-gated
  - Authority for issuing codes, changing codes, and officers' authority to override access denial
  - Access of visitors—registration of guests, contractors, real estate agents, and vendors
- Public facilities—schools, trails, parks, school bus stops, etc., within the community
- Construction issues—public and private and quiet hours and restrictions
- Animal control
- Clubhouse, pool, tennis court, basketball court, and golf course issues
- Special amenities management and reservations
- Pool monitoring and boat/lake patrols
- Who is responsible for setting up home alarm response and verification?
- Procedures, maintaining spare keys, alarm codes, etc.—management, security vendor, or both?

Labor Management
- Co-employment issues
- Background checks—fully use the investigative measures of the security firm
- Fraternization
  - Rules being relaxed
  - Privacy issues—information, mail, etc.

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hiring a security provider

One of the toughest decisions for any community association is the selection of the security provider. Associations who make the decision solely on price often find themselves dissatisfied with the service and end up moving from company to company.

To avoid this process and ensure that the board is obtaining all of the information and experience they deserve, here are some simple steps to help make this decision a success for the board and community.

1. Create an RFP (request for proposal)—outline the scope of work, expectations as to workload, and the specific qualities the community is seeking from its security staff.

2. Inspect the company's office of operation. Determine if the personnel and resources are equipped to back up the community's onsite staff.

3. Review the security officers' training manual. Better yet, ask to sit in on one of their training classes. What type of ongoing, onsite training can be expected for the officers?

4. Ask the company for a complete list of existing clients. Contact board members to establish their satisfaction with the security personnel, and use a standard list of questions.

5. Ask for a copy of the liability insurance for each of the bidders. Verify that proper coverage exists.

6. Visit existing client communities and speak with security officers working for the proposed firm. Develop some key questions regarding their experience with the employer, their train-ing, and the personnel who supervise them.

7. Ask the company to develop a "transition plan" as part of their RFP proposal. Review the plan with the board. How do they propose to move into the community? A change in the security vendor impacts every owner in the community. Planning for this transition makes the change much easier in the long run.

8. Are vehicles, uniforms, and equipment included in the proposal price?

9. Ask each of the security providers to talk to the board about two things that set them apart. This will afford them the opportunity to discuss unique aspects of their business or service—and the board might learn something about the provider they didn't previously know.

10. If it is possible, ask the security provider to allow their site supervisor to meet with the board and community manager. As one of the key personnel of the company, this person will have direct interaction with the board, management, and community residents.

First Responder Roles

Part of the defined objectives should clearly address what expectations there are for any "first responder" duties. If life safety is part of the responsibility, the initial and ongoing training should have been planned into the contract and scheduled.

Definition of Key Terms

Proper communication both in the written and verbal sense requires a common acceptance of what the key terms used in the security industry actually mean in plain language. Deter, prevent, mitigate, restrict, detain, respond, react, engage, help, stop, local alarm, verify, assist, as necessary, loss prevention, risk, act, etc., are examples of terms that any individual may assume they know a definition to and what actions or non-actions these may require or infer. Training on definitions is critical and the scope of work for a security officer must be written with as much clarity as possible.

Video Surveillance Systems

Surveillance systems are another useful tool in helping a board of directors combat crime and protect its community. The basic surveillance system consists of CCTV (closed-circuit television) cameras, cabling, recording devices, and monitoring devices.

When designing a surveillance system, a few questions need to be addressed.

- **What is the camera going to watch?**

  Determine what the camera is going to be focused on. If it is going to be focused on the same object at all times, then a stationary camera will due. In larger areas, multiple cameras can be used to cover the entire area or a PTZ (pan, tilt, zoom) capable camera may be used to give the ability to scan the entire area.

- **When is the camera going to be used?**

  If the camera is to view a service entrance, it may only be needed during the day-time business hours and may not require additional lighting. Whereas a camera being used at night must have light for an object to be seen.

- **How are the cameras going to be connected?**

  There are several ways to connect a surveillance system. In new communities where the property backbone has not yet been installed, specific cabling can be installed during the beginning building phases. Depending on distances, the types of cable that can be used are coaxial cable (maximum of 1,500 feet), fiber optic cable (rated in miles), or Cat5 networking cable (maximum of 300 feet).

  For established communities, existing cabling can be used if it is available. If there is no existing cabling available and the addition of cabling is not an option, wireless point to point or mesh networks can be installed to transmit the video signal to a designated location. *(See page 46 for more information.)*

- **How much ambient light is available?**

  If a camera is going to be installed inside a building or being used after dark, ambient light must be taken into consideration. Although some cameras have the ability to see in very low light, some light is still necessary. In areas that additional lighting is not possible or desirable, infrared illuminators can be used to create artificial light. Infrared illuminators create light that is above the capability for the human eye to see, but CCTV cameras can see light in this spectrum.

- **Where is the camera output going to go?**

  Surveillance cameras can be used in many different ways. If an area just needs to be monitored, but does not need to be recorded, then the camera can be wired directly to a video monitor. If there are multiple cameras to be displayed, they can be wired to a multiplexer which splits the video monitor screen in multiple camera displays.

- **Does the camera need to have PTZ (pan, tilt, zoom) control?**
  If the camera needs to see up to 360 degrees of view as well as up or down, or the objects to be viewed are both close to the camera and at a distance, a PTZ camera should be considered. These types of cameras have the ability to be remotely controlled to turn left or right, move up or down, and control the zoom and focus on the lens. These cameras require a controller to move the camera. The controller can be a matrix switcher with a keyboard or a DVR (digital video recorder) with telemetry controls.

- **How are the surveillance cameras recorded?**
  Recording the surveillance cameras is accomplished by using a DVR. The DVR takes the video feed from the camera and stores it on a hard drive. The size of the hard drive determines the length of recording time for all the cameras and is divided between the number of cameras. Play back of the recorded video can be done locally at the DVR or remotely over an Ethernet network.

The main locations for community surveillance systems are the entry and exit gate, the community perimeter, and the community buildings.

Entry and Exit Gates

The entry and exit gates may have a license plate camera and an overview camera for each vehicle lane. The license plate camera is specially designed to capture the license plate of a vehicle without the concern of glare from the vehicle or the sun. This type of camera incorporates an infrared illuminator that shines on the vehicle and an infrared cut filter over the lens that blocks any glare so only the reflective property of the license plate can be seen. Due to the infrared cut filter, the vehicle is typically not viewable.

The overview camera is used to capture the vehicle as it passes through at the same time as the license plate camera captures the license plate. This overview camera should be a day/night camera with an infrared illuminator for capturing the type of vehicle at night. (*See Section 8 for a more detailed description of license plate recognition systems.*)

Community Perimeter

The community perimeter cameras should have a mixture of technologies and should all be monitored from a centralized location. A PTZ camera should be used to cover long distances of the community. This type of camera gives the ability to view 360 degrees around the camera location as well as zooming in and out to see long distances.

For areas that do not need a PTZ camera, stationary cameras can be used. These cameras are effective in areas like building access points, parking lots, or entry points.

Both of the types of cameras can be installed in plain sight or in a covert installation. Perimeter cameras that are installed in plain sight not only provide the ability to view objects around the perimeter, but they also act as a deterrent to possible intruders.

Depending on the ambient light of the objects to be viewed, infrared illuminators should be added as well. When adding an infrared illuminator to a PTZ camera, the distance the illuminator will project light should be compared to the distance the zoom lens can see and the objects to be seen at night.

Community Buildings

Community facility buildings may need surveillance systems as well. These systems can be inside and outside of the buildings.

The exterior cameras should cover the entry points to the building, any delivery areas, and the parking lot. Ambient lighting should be considered in these locations to ensure a clear image both day and night.

The interior cameras should cover the common areas and all exit points in the building. Any shopping areas should have a camera viewing the cash registers. Cameras should never be installed in restrooms, locker rooms, or any area that may be perceived as a private or personal area.

SECTION 6

Alarm Systems

Security alarms are yet another tool available to community associations to help prevent crime and secure residents. Alarms can be broken down into two categories:

1. Community perimeter intrusion detection system
2. Residential security systems

Community Perimeter Security

The perimeter security system for a community is the first line of defense against unauthorized access to the association. This security system allows the perimeter of the community to be electronically monitored from a centralized location.

As an intruder crosses the perimeter line, an alarm is activated. The alarm notifies the security guards or police of the location of the breech so they can dispatch the roving patrol to investigate.

There are several different technologies used in a perimeter security system. Depending on the terrain, a combination of technologies may be required. A few of the most commonly used technologies are:

- **Point to point beams.** These devices send several infrared beams between two points. As the beams are broken, the alarm is activated. These are installed in areas with direct line of sight.
- **Stellar cables.** This technology is used on top of walls or connected to fences. It has a shock sensitive cable that is attached directly to the fence or installed in conduit on top of the wall. As an intruder grabs the fence or places his or her hand on the top of the wall, the alarm is activated.
- **Outdoor motion detector.** These devices operate in the same fashion as an indoor motion detector with a much longer range of detection. Outdoor motion detectors can be used in areas that the photoelectric beams and stellar cables can not be installed.

These devices are hard wired to a centralized location and connected to a security panel in an individual zone configuration. Individualizing the perimeter zones allows a more exact location of the breech to be communicated to the roving patrol. Security panel controls the notifications to the guards or police via a security keypad, printer, or video monitor.

Residential Security

Although the perimeter of the community may have a security system protecting the association, the residences should be secured as well. With a young community it is easier for the association to establish a security system requirement policy. This policy simply informs the owners and developers what type of security systems are allowed to be installed in the community. Typically only proven security systems are specified in this security policy. Regardless of the manufacture of the security system, all residences should be monitored by the same monitoring center either on or off property. By limiting the types of security systems installed, it reduces the learning curve of the security

guards when it comes to the functioning of the security system should they need to disarm a residence, give a vendor access to a home or unit, or help an owner.

In most cases, the design of a residential security system is not complex. The standard security system consists of a security panel, door/window contact, motion detectors, an interior siren, and security keypads.

The door/window contacts should be installed on all opening doors and windows. These contacts will trigger an alarm when a door or window is opened while the system is armed.

Motion detectors can be strategically placed around homes or units in the main gathering areas, as well as the master bathroom. The master bathroom is a common entry point because of the easy access to the master closet where most people keep their valuable jewelry and money. Motion detectors are limited and should not be the sole source of security for the home. The system must be armed for the motion detectors to be used. Should an owner arm the motion detectors at night while sleeping, then get up to get a drink, the alarm would be set off when the motion detector senses the owner's movement. If this is the sole source for the security system, it leaves the residence vulnerable at night or while the owner is present.

A minimum of one internal siren should be installed with more in larger houses. The interior siren is used as a deterrent to the intruder and notification to the owner if they are present.

For more security conscious owners, additional options are available to increase the security of the home. Some of these technologies include glass break detectors, which detect an intruder breaking through a window instead of opening it, monitored carbon monoxide sensors, which detect carbon monoxide in the home, and monitored smoke detectors to detect smoke in the event of a fire.

Hard wiring is the best practice for security system devices, but wireless options are available as well. Although a home may have a security system, nothing will help prevent a successful home or unit invasion if the owner does not arm the system.

SECTION 7

Access Control Systems

This section outlines various design considerations for implementing an access control system for your community. Before making decisions on what type of system is best suited for your community, it is necessary to understand how an access control system works.

In its simplest terms, access control systems include a device, reader, controller, and security barrier. The access control device is read by a reader. The reader sends the device number to a controller. The controller makes a decision whether to allow access and sends a signal to the gate or door for it to open. (*See figure 1.*)

In simple systems that are designed to open a single gate/ door, the reader and controller might be combined into a single device. (*See figure 2.*)

Typically, access control and security systems can be configured as separate *stand alone* systems, each requiring their own database and programming. This is very time consuming and difficult to manage in larger systems. A better solution is to *integrate* the various gate/door locations, all operating from a single database.

access control systems

figure 1

figure 2
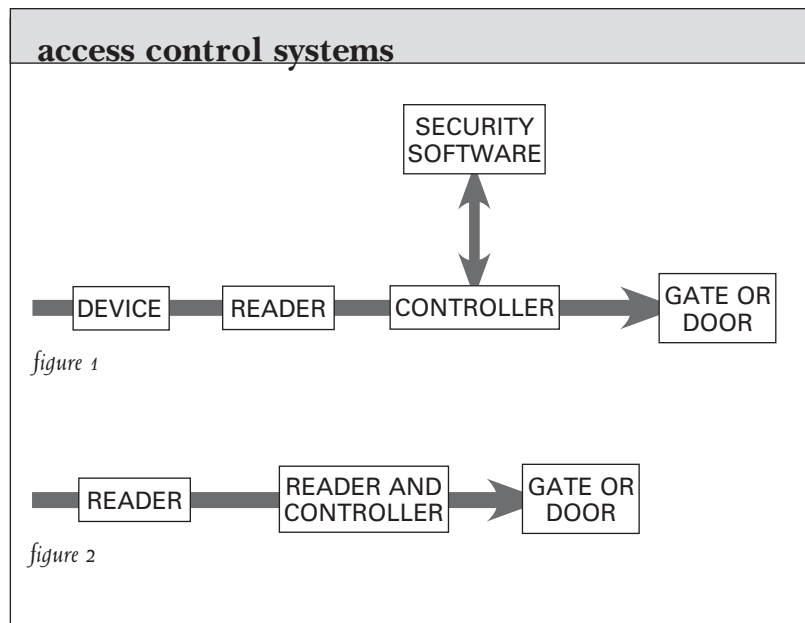
Controller

The heart of an access control system is the controller. It is the part of the system that makes the access control decision. In other words, it decides whether the device should open the gate/door or not. If the signal from the device is valid, the gate/door opens. If the signal is invalid, the gate/door remains closed.

Some access control systems available on the market use a computer as the controller instead of a controller panel. The benefit of using controller panels versus computer based systems is that the access control decisions are made by the controller panels, which use solid-state circuitry that will remain in operation for years, while computers are more costly and much less reliable.

Controller panels can be used to control access at vehicular gates, pedestrian gates, or doors at amenity locations (swimming pools, workout facilities, clubhouse, tennis courts, etc.). The controller panels are programmed with computer software but operate independently without the need of a computer. They also have the capability to support multiple types of access control technologies. Therefore, the community has the flex-

ibility to select the type of device that is best suited for the given application. Virtually all types of reader technologies are compatible.

The use of any of the above devices can be controlled through the use of *access levels* and *time zones.* The access level feature allows the community to limit access to designated gates/doors if desired. For example, residents may be granted access at all gate points, while contractors, service providers, or employees may be limited to access through a specific gate location. The access levels may be customized to meet specific needs. Access may also be limited to specific times of the day and days of the week by using the time zone feature. For example, residents are allowed access 24 hours a day and 7 days a week, while club employees may be limited to the hours of operation of the club. Contractors may be limited to Monday through Friday from 8:00 a.m. to 5:00 p.m.

If your community is looking to control access at multiple locations, multiple controllers may be networked together to create a fully expandable system. The network uses hardwire, fiber-optic cable, wireless networks, or broadband Internet service to permit real-time communications between the gate/door locations. When a device is activated, it is instantaneously active at all of the gates or doors. In the event that communications between the controllers is lost, each location will function independently using the last programming data. Upon restoration of communications, the panels will automatically download the transactions that occurred and upload any programming changes that were made while communications were down.

Security Software

While the controller is the heart of an access control system, security software is the brain. In addition to programming and managing the access control system, security software provides many useful features and tools to improve security within the community. Automated access control systems provide the convenience for authorized people to access the community on a regular basis; they don't address people that are visiting the community. Security software allows the community to track guests, contractors, vendors, or service providers that would like to enter the association.

Many communities spend a great deal of money to be gated and to have onsite security officers. Using security software allows the community to get the most out of this substantial investment by providing security and management personnel the tools required to serve the community more effectively. The software allows the association to maintain standardized records on all residents, guests, employees, and contractors that enter the community. It also provides features that can't be offered manually, thus maximizing the return on the community's investment.

Benefits of security software:
- Operational consistency through the use of standardized data input forms, records, and reports.
- Expedite guest processing by automating the procedure, thus allowing guards to focus on welcoming residents and guests.
- Increase accountability of everyone involved with community security through reporting and monitoring.

- Financial rewards—Save money by using technology instead of manpower. Make money by generating and collecting revenue.
- Enhance community marketability by offering additional services; exhibiting an image of professionalism and commitment by using state of the art, cutting-edge technology.

Common characteristics of security software system design:
- User friendly—training new users should take less than one hour.
- The software should be customizable to meet a community's specific needs.
- Modular design that is expandable to adapt to a community's changing needs.
- Enterprise level database management system such as Microsoft SQL.
- Real-time networking to multiple gate and administrator locations via hardware, fiber-optic cable, wireless mesh, or broadband Internet service.
- Integrate seamlessly with controller panels and all access control technologies.
- Onsite and remote database backups performed automatically on a daily basis.
- Ability to import data from the existing community databases.
- Interface with other software programs used by the community.
- Transactions should remain active for 30 days—then they can be archived.
- Utilize name brand, high quality hardware with OEM (Original Equipment Manufacturer) warranty.

Software system features may include:
- Print customizable guest passes that include directions to where they are going.
- Multiple search criteria including searches by last name, first name, address/unit number, lot number, street number, telephone number, license plate number, guest name, employee name, access control device number, club member, or alarm code.
- Dial multiple resident telephone phone numbers automatically. This speeds up the process of contacting residents when a potential visitor is not on their guest list.
- Voicemail capability: Ability for residents to authorize guests via voicemail. This feature can save money by reducing security labor costs.
- Internet capability: Ability for residents to edit their guest list via the Internet.
- Residents should also be able to obtain reports of people that have been granted access to their homes or units. The security software should not subject the resident users to popup advertising.
- Software must have the ability to remain in operation even if communication with the central database is lost.
- Message board system for intersystem communications.
- Warning screens that can include resident specific messages and pictures.
- "Be on the look out" (BOLO) device and license plate warnings.
- Medical information and emergency contacts tracking.
- Special medical needs tracking.
- Second address tracking with the ability to use for mailings.
- Tenant/renter tracking.
- Numerous standard reports—should be customizable to meet association needs.
- Vehicle citations and violations with mail merge capabilities.

- Daily log to track guardhouse activity.
- Guard memorandums.
- Incident and field investigation reports.
- Party guest list management.
- Work order systems.
- Open garage door tracking.
- Out of town resident tracking.
- House check tracking.
- Package/delivery tracking.
- Calendar with event notification whenever users log into the system.
- Traffic statistics by gate location, traffic lane, or community wide.
- Handheld units: Ability for guards to process guests at curbside.
- Roving patrol units: Guards can access the security database in their vehicles.
- Driver's license scanning: Guards scan guest driver's licenses to grant access.
- Dispatch log: Track calls coming into the security department along with dispatch and response times.
- Resident communication system: Send email or text messages to residents to notify them of situations or events that affect the community.
- Video integration: Allows the CCTV system to put a face with the name of guests entering the community.
- Country club interface: Allows staff to greet members or guests by name.
- Photo-ID system: Create customized photo-ID badges.
- Alarm receiver integration: Monitor resident home security and fire alarms.

Investing in security software and systems can be a significant purchase for a community association. Here are some important things to consider when selecting a security software provider.

- Years of experience in providing security software to community associations.
- Number of communities that currently use their security software products. Security software and access control systems require a great deal of system integration. Broad experience with numerous communities and types of systems is essential.
- Number of features—the security software products available on the market offer a wide variety of features. Whether provided by a guard company, gate company, or software provider, the products range from simplistic to complicated. When deciding on security software, it's very important to not limit the asssociation by selecting software with limited available features. Community needs and priorities often change. Features that the board doesn't think they'll initially use often become features that the community can't live without later.
- Speak to other communities that use their security software. Make site visits whenever possible to see the software in action. Service and the provider's ability to keep the software up and running are extremely important.
- Ownership of the community data—be sure to specify who maintains ownership of the software and the community's data.

- Software training—be sure to specify how residents will be trained, and determine what ongoing, refresher, or annual training is available.
- Data transfer—Many security software vendors offer the ability to import old data into their database. Any database, including security software databases, is only as good as the data it contains. The old adage, garbage in = garbage out, is true. If the community is not extremely confident that their existing data is accurate and complete, it will save time and money in the long run to collect new information to be input into the database. The community should maintain responsibility for updating its data to ensure it is current.
- Be sure to establish who will be responsible for ongoing maintenance, changes, and updates to the resident database, and how updates to the software will be handled.
- Help desk—investigate the availability of technical support. Is it 24 hours a day?
- Response time—what is the response time for technicians, parts, etc.?
- Employ Microsoft Certified System Engineers (MCSE).

Vehicular Access Control

Many community associations have wrestled with issues of vehicles and security problems they pose for as long as there have been automobiles. Whether a community location is urban, suburban, or designed as a gated or open facility, all associations regardless of size eventually have to satisfy their collective level of comfort best fitting their community expectations.

Common factors in defining security entrance requirements are automated or attendant operation, gates, administration, tracking of vehicles allowed onsite, when, for how long, vehicle processing speed, and the timely accessing of information. Once these factors are known and a community security level is determined, various vehicle access and security monitoring technologies are then investigated and evaluated for deterrence, reliability, and ease of operation. Before any vehicle access system is purchased, the final task is weighing initial and continuing cost of ownership against overall system performance, protection level, and degree of difficulty of operation.

All vehicle access systems for a community association fall into four categories: attended, automated (unattended), open access, or some combination of these three. Available systems may be many and configurations can span the range from an attendant visually checking an owner's issued ID prior to allowing facility access to a fully automated license plate reader (ALPR) vehicle tracking and gate opening system.

Whether you are starting from scratch or evaluating your existing gate access control, there are important questions that need to be answered. The type of system that is appropriate for your community depends on what you would like to accomplish. The type of access control device is chosen based on who is going to use the device and the type of access point that the community wants to control. Vehicular access control encompasses three main areas:
- Resident entrance lane(s)
- Guest entrance lane(s)
- Exit lane(s)

Resident Entrance Lanes
The preferred access control method for processing vehicular traffic incorporates a passive read technology. This means that the driver does not have to do anything to operate the system. The access control device is automatically detected by the reader, thus eliminating the need for user input. The advantage of passive read systems is that the user is not required to stop the vehicle and roll down the window to present a card or enter a code into a keypad. The available technologies include radio receiver/transmitters, barcode scanners, radio frequency (RF) transponders, and license plate recognition (LPR) systems. These methods of automatically processing authorized vehicles are much faster and more efficient.

The selection of which system is best suited for your community ultimately comes down to a cost versus benefit analysis. When evaluating the actual cost of the system it

is important to consider the cost of the access control devices required in addition to the initial hardware installation. For larger communities, the cost of the devices often becomes the deciding factor. When determining the number of devices required for the initial system implementation, the community demographics must be considered. As a general rule of thumb, the community will need to purchase 2-3 times the number of homes/units in the community. This takes into consideration that most households have two vehicles plus the devices that are issued to employees, contractors, and vendors. If your community demographics are such that the typical resident owns more than two vehicles, this number may need to be adjusted higher.

A summary of the most common vehicular access control technologies, along with the advantages and disadvantages of each, is provided below:

Radio Receiver/Transmitter System
This technology is easiest to describe by referencing the standard garage door opener hand held transmitter. A radio receiver with an antenna is installed at the device to be controlled which receives the signal from the transmitters. Transmitters that use dip-switches to set the frequency, where all the transmitters have the same code, should be avoided because they are impossible to control. These types of transmitters can be programmed into many vehicles. The recommended transponder technology uses transmitters that have their own unique number or identity. Each transmitter can be programmed and deprogrammed with information about its owner/user, as if it were a card, barcode, radio frequency tag, or any other sophisticated access control device.

Advantages:
• Ability to read without the need for a line of sight from the transmitter to the receiver.
• Read capability not affected by dirt and harsh weather environments.
• Familiar technology.

Disadvantages:
• Transmitters are easily transferred from one vehicle to another. It is very common for transmitters to be passed among friends thereby reducing the level of control provided by the system.
• Long transmission range allows unauthorized vehicles to steal the signal and enables users to give an access granted signal for other vehicles.
• Transmitters can be lost, stolen, or broken.
• Cost of issuing transmitters.

Barcode Scanner Systems
Barcode scanner systems operate by projecting a beam across the roadway. The scanner reads a barcode label affixed to the side window of a vehicle. Typical barcode scanners are capable of reading a vehicle passing at up to 60 miles per hour with great accuracy. The effective read range is a distance of six feet from the scanner at a height ranging from approximately two to seven feet above the road grade. Therefore, barcodes may be used on vehicles ranging in height from a sports car to a semi-truck.

Advantages:

- Barcode labels are not easily transferred from one vehicle to another. The labels are made of the same type of reflective material as license plate stickers. They are specifically designed to fragment and self-destruct on removal. (It is possible to remove the label successfully, but it is difficult to do without damaging the label.) The barcode labels must be affixed on the outside of the vehicle's side windows.
- Barcodes can not be lost or stolen since they are affixed to the vehicle.
- Barcode labels affixed to the vehicle window allow visual verification by guard staff.
- Barcode labels are very inexpensive.

Disadvantages:

- A line of sight is required from reader to device. Snow, ice, or very heavy dew may obscure the barcode. The most common failure of the system is when the window that the barcode label is attached is down (so the barcode is not visible). The barcode labels should be installed on fixed side windows whenever possible to avoid this potential problem.
- Vehicles must be directed to pass the scanner within its read range.
- A barcode label affixed to windows is viewed as unsightly by many.

Radio Frequency (RF) Transponders

A radio frequency reader is positioned at roadside and angled to read entering vehicles. A radio signal is broadcast into a read area. The system reads a transponder that is usually placed on the driver side dashboard. When the vehicle's transponder enters the reading area, it interrupts the stream of radio signals. The electronics in the transponder modify the original radio signal so that the transponder's unique message is embedded in the signal reflected back to the reader antenna. The reader decodes and interprets the signal, and provides it to the access control system. These systems have a high read rate. The radio frequency readers are rated to read a battery-powered transponder up to 30 feet and a non-battery transponder up to 15 feet from the read head.

Historically, a major drawback for transponder systems was that the transponders could be moved from vehicle to vehicle. This practice greatly reduces the level of control afforded to the community. In response to this problem, the transponder system manufacturers have introduced deactivate (break) on removal transponders. These types of transponders are affixed to the inside of the windshield with double sided tape. Removing the transponder from the windshield causes the transponder to deactivate itself, thus eliminating the problem. These transponders can be reactivated by the supplier at a fraction of the cost of purchasing a new transponder.

Advantages:

- A line of sight from the reader to the transponder is not required.
- Read capability is not affected by dirt and harsh weather environments.
- Deactivate of removal transponders can't be passed from vehicle to vehicle.

Disadvantages:
- Metallic windshields found on some high end vehicles can interfere with the signal.
- There is possible signal interference from multiple transponders.
- Non-deactivate on removal transponders can be transferred from one vehicle to another and can be lost or stolen.
- Batteries must be replaced every 1-3 years in battery powered transponders.
- Cost of issuing the radio frequency transponders.

License Plate Recognition (LPR) Systems

LPR systems use infrared cameras to read license plates of vehicles entering the community. Imagers that contain their own infrared light source are preferred as opposed to imagers that require a separate light source. The LPR camera captures a series of pictures and sends them to a processor. The processor analyzes the image to determine which one has the clearest view of the license. Special algorithm software essentially reads the picture and converts the image to an alphanumeric code that can be handled by a typical controller. The read accuracy is greatly increased by comparing the license plate number read against the license plate numbers in the security software database.

Recent advances of automated license plate reader (ALPR) technology have made deployment within community associations as attractive as other more traditional gate opening devices. Significant cost savings can be realized by using a vehicle's license plate to open a gate rather than placing a specific triggering device in a vehicle. The cost savings directly increases with the amount of vehicles which are allowed access in the community. With some communities having several thousand vehicles the cost savings of vehicle triggering devices will more than pay for an automatic license plate reader system and some associations claim a vehicle crossover point, with one entrance lane, of 300-400 vehicles. Additionally, cost savings can be realized with the elimination of attended gate operators, and costs associated with system administration, triggering device storage, replacement, temporary passes, batteries, and lost or stolen units are eliminated.

Key components of an ALPR system are the plate reader, a processor, software, and a data administration networking package. Typically, a plate reader is aimed at a vertical plane "target zone" of approximately 3x5 feet and when any vehicle enters this zone the plate reading sequence starts. Within 200 milliseconds a visual plate image is converted to alphanumeric text, matched to an authorized list of vehicles allowed to enter, and a command is issued to trigger a relay to open a gate.

Low light, no light, direct sunlight, or approaching vehicle headlights will not effect the system's ability to read license plates, as the system imager uses unique near pulsed infrared illumination technology to "read" the reflective properties of license plates. For years, traditional markets such as law enforcement, toll roads, and pay parking have been making successful use of plate reader technology under all types of conditions.

Plate reading is easily accomplished within the gated community environment as there is a predetermined list of vehicles authorized to enter and the system will only open a gate based on these predetermined plate reads. After initial adjustments and some minor optimization, a good system installation should be able to read and match to the database vehicles authorized to enter.

Here are some important considerations to be aware of when assessing differing license plate recognition systems.

Intelligent matching—The system must be able to do some intelligent matching, should the need arise. For example, a plate ABC-1234 is on the approved list for a gate to open but the last digit 4 is blocked by a trailer hitch. The better systems can learn to make this plate adjustment by not reading the last number. Letting the vehicle in without the last number being part of the read does not compromise security.

Speed—The speed of accurate plate capturing, matching, and sending a command to open a gate must be fast. The typical elapsed time for this sequence of events is 200 milliseconds or less. In real life this is about the blink of the eye. Some LPR systems are not fully automatic, cannot process in real time, and should be avoided. As an example, for toll road violation deployments, 200 milliseconds would translate into a vehicle travel speed of more than a 100 miles per hour.

Environment—Environmental considerations also should be factored in the system selection process. In addition to reading plates in direct sunlight and 0 lux light level, a system should be able to endure all of the temperature extremes typically found in desert or frozen climate conditions. Imagers should also be resistant to moisture, humidity snow, and driving rain, specified as IP 66. *(See page 45.)*

When looking to deploy a vehicle plate reading system for access control and vehicle security tracking, other important considerations are:
A. Is it easily interfaced to other security systems?
B. Does the system interface with a card access control system, DVR's, CCTV?
C. Can it alert an alarm when a vehicle of interest is present?
D. Will it permit temporary vehicle access?
E. Will it track the length of time a vehicle of interest is within the community?

In order to accomplish these considerations, additional applications would ride on top of the window's plate reading software. A community association will need to determine which features are important and if they are included by the manufacture in the initial pricing. The key advantage of any security interfacing is having total security vehicle control while not introducing an additional stand alone system for security personnel to learn.

Auto license plate recognition technology is rapidly becoming a very cost effective, single source tool for solving security and vehicle access challenges facing community associations today. Using plate reader technology provides a seamless, user friendly means of accomplishing a community's security needs. Accuracy and reliability should always be factors in any system selection. The most important requirement is selecting a system provider with local support and a comprehensive understanding of all hardware components and software application programming to meet the association's present and future needs.

Advantages:
• No special devices required since the vehicle's license plate is used as the access control device.
• Offers the ability to gather information from all vehicles.

- Long term guests can be allowed to use the resident entrance lanes for future entries by entering the license plate numbers into the security software. This can greatly reduce the traffic volume in the guest entrance lanes.
- Can manage vehicles of interest, i.e., plate numbers attached to public court orders of protection, thus eliminating potential problems at the gate.
- Can track and manage the length of time a vehicle is allowed in the community. For example, a delivery truck authorized to enter for one hour or a guest pass for a weekend. Alarms can be automatically generated whenever a vehicle exceeds its time limit.
- In facilities where vehicle access is open, the ALPR system can be used as a monitoring and logging tool rather than an access control device. For example, a multi-use facility would have a combination of CCTV cameras, ALPR system, and DVR integrated so when an incident occurs within the community, and only a partial license plate was remembered by an owner, the system could search the database by partial plate numbers and obtain visual positive ID evidence of the driver and vehicle using an integrated system consisting of ALPR, DVR, and CCTV. If there is a match, even down to just three or four consecutive characters, an image of the plate will be called up to allow the operator to verify that it is indeed the plate of interest—right down to the state of issue which can be determined from the image itself.

Disadvantages:
- Hardware can be expensive, depending upon the provider and system.
- Line of sight device—license plate must be visible to the camera.

It is beneficial for the community to sell access control devices to frequent guests of residents, employees, contractors, vendors, and regular service providers on an annual basis. The community may require these types of guests to purchase the device to gain access into the community or it can be offered as an optional convenience. The device may be programmed with a deactivation date of one year from the date of issuance, thus generating a source of recurring revenue for the community. This revenue source can be used to offset the cost of operating and maintaining the system. In some cases, the sale of access control devices can even pay for the cost of the system.

The community maintains control of who enters and at what time through the access level and time zone features included in the controller and security software. This process also affords the opportunity for the community to verify that vehicles that regularly access the community have proper registration and insurance.

Another benefit is improved traffic flow at the gate locations since these vehicles are processed automatically by the system. This reduces congestion through the guest entrance lanes and allows the security staff, where available, to process guests in a more efficient manner. As a result, the required number of guard staff may be reduced, thus lower labor costs.

Guest/Visitor Entrance Lanes

The type of guest/visitor lane access control system that is appropriate is determined by whether the gate location is manned by security staff or unmanned. If the gate location is manned, the use of security software is recommended. If the gate location is unmanned,

a visitor telephone entry system is recommended. If the gate location is manned for part of the day and unmanned for the remainder, as is often the case with construction entrances/gates, both would be required.

Manned Gate Locations

Historically, security guards working in the guardhouse of a gated community used a pen and paper to record guest information when they entered the association. This practice was extremely slow and the data obtained was essentially useless because it required manual labor to look back through the paperwork to obtain information. If guest lists were available, they were also kept on paper in rolodex fashion. Sharing information and guest lists between multiple guardhouses was virtually impossible.

Computers and security software offer a much faster and more efficient way to authorize and record guest information as they enter the association. The sophisticated security software described earlier in this report is designed specifically for this function.

Unmanned Gate Locations

Visitor telephone entry systems provide a means for people with an access control device to gain access into the community. The visitor's telephone is installed at curbside along the guest entrance lane. It contains a directory, which typically includes the last name and first initial, of all of the residents that live behind that gate along with a code number. The visitor locates the person he or she wnats to visit on the directory and dials the appropriate code. The telephone unit dials the resident's phone number that is associated with that code. The resident answers the telephone as usual and determines whether he or she wants to admit the guest. To grant access the resident uses his or her home telephone to send a signal to the telephone entry unit to open the guest entrance lane gate. If the resident does not answer the telephone or denies access, the unauthorized guest must exit the property. A suitable turnaround area is required for vehicles to exit the community without having to back up.

The use of visitor telephone entry systems is a time consuming process. As such, they are not recommended for busy gate locations. Sufficient stacking area is required for vehicles waiting to use the system so they do not block the resident entrance lane or overflow into the adjacent roadway.

Exit Lanes

The majority of gated communities do not control vehicles exiting from the community. The reasoning behind this follows the premise that since the vehicle was authorized to enter the association, it should also be allowed to exit. Adding access control to exit lanes can double the cost of the overall system and the labor required by security officers. Many communities do not have gates on the exit lanes and if they do, they are opened automatically. However, controlling vehicles and pedestrians exiting the association can greatly increase the level of security provided to the community. In this case, the security software can generate reports of vehicles that are in the community at any given time.

SECTION 9

Pedestrian Access Control

Some communities control pedestrian access into the community at various entrance points and amenity locations inside the community. Here are some common tools security providers offer to help control pedestrian access.

Keys

Keys are typically only used for single doors that have a very limited number of people that need access. They are not recommended for community wide access.

Some communities task their security departments with maintaining keys for home/units within the association. If this is a consideration for your community, make sure your security software has the ability to track all of the keys.

Keypads

Keypads are electronic devices similar to the numeric pushbuttons on your telephone. The user types in a preprogrammed code to gain access through the gate/door. Keypads can be challenging to control in communities. It is very common for the code to be shared with unauthorized people. For example, a resident gives the code number to the door on the workout room to a friend so they can use the facility while they are out of town.

Access Cards

There are a wide variety of access control cards available on the market. Some examples of cards include magnetic swipe, barium ferrite, barcode, and proximity. All require the user to present the card to the reader to gain access. Each card can have its own identity, usually a number, which allows management to assign cards to specific people. Cards are ideal for resident access through pedestrian gates or into amenity locations such as the swimming pool, workout room, or tennis court.

Access cards are not recommended for use in vehicle access control systems for several reasons. First, the fact that the user must present the card to the reader is inconvenient and greatly slows access into the community. The second is that cards can be easily passed from person to person, thus eliminating the control that the community is trying to achieve.

Photo IDs

Photo IDs are ideal in situations where community management staff is present or when the security department can make spot checks. Staff can verify that the user of the card is the actual owner of the card. The photo-IDs can also double as an access control device, including magnetic swipe, barcode, and proximity cards. A community's security software should have the capability to generate custom photo-IDs should the need arise.

Biometrics

Biometrics are automated methods of recognizing a person based on a physiological or behavioral characteristic. Examples of human traits used for biometric recognition include fingerprints, speech, face, retina, iris, handwritten signature, hand geometry, and wrist veins.

Using biometrics for identifying and authenticating community residents offers some unique advantages. Only biometric authentication bases an identification on an intrinsic part of a human being. Tokens, such as smart cards, magnetic stripe cards, physical keys, and so forth, can be lost, stolen, duplicated, or left at home. Passwords can be forgotten, shared, or observed.

Biometrics are generally not used in access control systems for gated communities. This is largely due to:

- Cost.
- The amount of training required to use the system.
- Potential maintenance issues.

SECTION 10

Automated Vehicular Gate Systems

Gated communities are rapidly expanding throughout the U.S. and are commonly found in many community associations today. The type of gate chosen by a community is largely based on aesthetics, cost, and physical space available. The three most common types of vehicular gates are swing gates, slide gates, and barrier gates. Some other types of vehicular gates include vertical lift gates and cantilever gates. These gates are not routinely used in community associations.

Swing Gates

Swing gates hang from hinges mounted to a post or column and operate similar to a door. They are the most common and are generally considered to be the most attractive type of gate. The downside is that they are the most expensive to maintain. The maximum recommended gate panel width is 12 feet and the weight of the gate panel must be considered. Gates that are too heavy increase the wear and tear of the gate operator. In most gate applications two gate operators are required; one to open each wing of the gate set. Having two gate operators doubles the expense and requires twice the maintenance. Swing gates are the most susceptible to damage since anxious drivers often hit them as they enter the community with their cars. Swing gates are:

- Designed and installed so as to not create an entrapment area between the gate and other fixed objects.
- Installed in such a way so that the pillar or column covered by the swing gate when in the open position does not exceed 4-inches.
- Characterized by smooth bottom edges.

Slide Gates

Gates that slide horizontally along a track are known as "slide gates." The preferred method of installation has the track that the gate rides upon, typically a steel angle iron, imbedded in a concrete foundation. Thin tracks that are bolted into the pavement should be avoided. Slide gates require the most physical space to install since a "pocket" for the gate to retract into is required. The slide gate backtrack area can also interfere with sidewalk routing or other obstacles. Some consider slide gates to be less attractive but cheaper to maintain. Only one gate operator is required and it has fewer vulnerable parts to break. When a car clips a slide gate, the usual result is the gate getting knocked off the track as opposed to bending or breaking a control arm or weld point.

Slide gates are the most dangerous because of the potential pinch point between the sliding gate and the support column/post. Signage must be placed on both sides of the gate in plain view. Common characteristics of slide gates include:

- Weight bearing rollers are guarded or covered.
- All openings in the gate are guarded or screened from the bottom of the gate to a

minimum of 48-inches above the ground to prevent a 2.25-inch diameter sphere from passing through the openings anywhere in the gate, and in that portion of the adjacent fence that the gate covers in the open position.

- Gaps between the gate and fence, or other stationary objects do not exceed 2.25-inches.
- Smooth bottom edges.
- Positive stops to prevent the gate from sliding past its design limits.
- Will not fall if the gate becomes detached from its supporting hardware.

Barrier Gates

Barrier gates, also known as swing arm or parking lot gates, have a boom that rotates vertically to allow vehicles to pass and are most common for manned gate locations. They are not recommended in unmanned gate applications due to their lack of security and susceptibility to being damaged.

High-speed highway toll road style barrier gates open and close in less than one second and are recommended for resident entrance lanes. These types of barrier gates are designed for high traffic areas and meet the stringent standards required for all state highway toll plazas. Unlike typical parking barrier gates, these gates are engineered to operate thousands of times per day. The fast operating speed allows for improved vehicle passage and reduces the possibility of tailgating. This also tends to reduce the number of collisions with the barrier gate boom since unauthorized vehicles are discouraged from attempting to run the gate.

For guest/visitor entrance lanes, slower gates can be used. These barrier gates should also be high quality but can be designed to operate in applications where the vehicle processing speed is not as demanding.

Here are a couple of other things to keep in mind related to vehicular gating:

Vehicle detectors and sensors. All vehicular gates, regardless of type, use vehicle detection sensors. The most common type is a loop sensor, which is typically placed in a saw cut in the pavement or installed under brick/stone pavers. A continuous loop of wire is placed into the saw cut and seal, or placed in conduit under pavers. An electrical current is run through the loop, creating a magnetic field. A vehicle detector, typically placed inside the gate cabinet that is being controlled, senses the presence of the vehicle over the loop by detecting a change in the magnetic field. Placement of the loop sensors is critical for proper operation of the system. Vehicle sensors are named after the function that they perform as described below:

- **Close loops**—Send a "close" signal to the gate once the presence of a vehicle is no longer detected.
- **Safety loops**—Hold the gate open when the loop sensor detects the presence of a vehicle. They are designed to keep the gate from closing on a vehicle.
- **Free exit loops**—Send an "open" signal to the exit gate(s) when the presence of a vehicle is detected.

Tailgating. Tailgating is when a vehicle follows an authorized vehicle through an open gate before it closes. A security beach occurs when an unauthorized vehicle follows a resident or other authorized vehicle into the community. Tailgating is most common with swing and slide gates due to the nature of how they operate. After an authorized vehicle passes through the gate, the close loop signals for the gate to close. However, if another vehicle pulls up onto the safety loop prior to the gate fully closing, the safety loop will signal the gate to reopen. This is amplified by the fact that swing and slide gates typically take between 12-15 seconds to close.

The best way to prevent tailgating is to install a barrier gate in front of the swing or slide gate. The barrier gate is synchronized to operate in conjunction with the swing/slide gate. The barrier gate remains closed while the swing/slide gate opens. Once the swing/slide gate is fully open, the barrier gate opens to allow one vehicle to enter and closes immediately after the vehicle has passed. Then the swing/slide gate closes.

Safety Considerations

The continuing proliferation of automated gates for use in controlling who enters and exits the community has necessitated that safety guidelines be established for their use and installation. Manufacturers and the installing dealer will help determine the type and specifications necessary for the equipment that should be installed for the particular applications.

Safety standards are written for everyone's protection. The professional system installer should provide a safe gate operating system. To comply with the manufacturer's installation instructions and industry safety standards, the installer may present some options of specific safety devices that can help ensure a safe gate system. Some of these safety devices and gate construction criteria are listed below.

- Secondary entrapment prevention device or devices are installed in areas where an entrapment hazard exists. These devices include contact (electric edges) and non-contact (photo-electric) sensors.
- Warning signs are placed in a visible area on each side of the gate.
- Gate controls are installed so that a person operating the controls cannot come in contact with the gate or gate operator.
- The gate operator is appropriate for the construction and class of the gate.
- Rollers are guarded.
- Pinch points are eliminated or guarded.
- All openings in slide gate systems are guarded or screened from the bottom of the gate to a minimum of 48-inches above the ground to prevent a 2.25-inch diameter sphere from passing through the openings anywhere in the gate.

Never install a vehicular gate operator that does not carry the mark of an internationally or nationally recognized testing laboratory (NRTL), such as Underwriters Laboratories Inc. or Interek Testing Services NA, Inc. This ensures that the gate operator has been tested by an independent third party laboratory and has met all the safety requirements of applicable safety standards as designated by the country of origin. See www.osha.gov for more information.

Emergency Access

When an automated vehicular gate system is installed in a community in general access areas, there must be a method to allow emergency vehicles (fire, police, ambulance, paramedics, etc.) access to the community without the gate hindering their entry. The access system must allow for entry through the vehicular gate under three different and unique situations:

- The system is in service and under normal operation.
- A power failure has occurred and battery powered convenience open systems are employed.
- A power failure has occurred and the convenience open system has failed—due to a dead or low charged battery.

Situation 1—Normal Operation

Under normal operation, there are many devices that can be integrated with the vehicular gate system to allow emergency vehicles access to the community. When any of these devices are activated, the vehicular gate is commanded to open and remains open until the device is deactivated. Typically, the emergency vehicle access device will bypass the primary access control device—a telephone entry system, for example—and is wired directly to the gate operator so that the gate will open, should the need arise. Some of these devices are listed below.

- **Click-2-enter.** This system consists of a special radio receiver that allows fire departments, police departments, and ambulance companies to open the access gates by using their two-way radio installed in their cars or trucks.
- **Special keys and key switches.** With this system, emergency vehicles each have a special access key that activates an emergency override key switch. These key switches are typically labeled "Fire Dept." and are installed in a location at the gate that is visible and easily accessible.
- **Lock boxes.** Lock boxes are essentially the same as the key switch option in that a special padlock (to which only emergency vehicles have a key) is placed on the lock box to lock it shut. When the padlock is removed or cut off, the lock box automatically commands the gate to open and will hold the gate open until the lock box is re-closed and locked. Lock boxes are typically labeled "Fire Dept." and are also installed in a location that is easily visible and easily accessible.
- **Siren sensors.** These devices detect the "yelp" mode from an emergency vehicles siren. When the yelp is detected, the gate will open.
- **Strobe light sensors.** These devices respond to the flashing strobe light from the emergency vehicle. When the strobe light is detected, the gate will open.
- **Wireless transmitters.** Like garage door openers, wireless transmitters open the gate from a distance of 75 to 100 feet. These transmitters are specially programmed with a code that is unique to emergency vehicles.

Because of the many different devices and options that are available, community leaders should consult the regional building department to determine which method of entry is preferred by the local authorities.

Situation 2—Power Failure with Battery Powered Convenience Open System

Many manufacturers of vehicular gate operators now offer battery powered convenience open systems that provide a method to open the gate when primary AC power is removed. This type of system is completely self-contained in the operator and is completely independent from the primary drive system. In essence, this provides a redundant drive system when the primary AC power is removed.

Operators equipped with a battery powered convenience open system typically operate in one of two different methods:

1. When a power failure occurs, the system immediately commands the gate to open and remain open, or
2. When a power failure occurs, the system remains in a stand-by mode until a command from either a wireless transmitter or manual switch is received to open the gate.

In the second option, it is important to note that the radio receiver is powered from the batteries which allow the receiver to remain in operation during a power failure. This design feature assures that any emergency vehicle using the wireless transmitter method of entry will be capable of commanding the gate to open even during power outages.

Battery powered convenience open systems in vehicular gate operators provide a trickle charge to the batteries during normal operation. It is advisable that maintenance personnel and community managers check these systems on a monthly basis to assure that the batteries are in good condition and have enough power to open the gate. Batteries in these systems are good, on average, for about two years before they will need to be replaced.

Situation 3—Power Failure and Battery Powered System Failure

This is the "worst case" scenario that must be addressed during the design of the vehicular gate access system. In other words, system designers and installers must assume that at some point in time there will be a primary power failure and the battery powered convenience open system will fail to open the gate because of dead or low charged batteries or because of some other system component failure. Under these circumstances, the gate operator must assume a fail-safe mode. Simply stated, the operator "fails" in a safe condition allowing the gate to be manually pushed open without the need for any keys, cranks, or other mechanical devices. This is an essential feature for both emergency and non-emergency vehicles. Obviously, emergency vehicle personnel cannot waste time looking for keys, cranks, or attempting to force the gate open with bolt cutters, the "jaws of life," or other mechanical devices. They also cannot wait for maintenance personnel to arrive to activate gate release mechanisms that are typically located on the inside of the gate. Likewise, community association boards cannot allow a situation to develop where residents are "locked" out of their homes. Many fire department regulations require that fail-safe gate operators be installed to allow emergency vehicle access during power outages.

Automatic vehicular gate systems provide convenience and limit traffic in gated communities, condominiums, and private homes and businesses. When vehicular access is restricted, there must be a means to allow emergency vehicles access in the overall

design of the system. This design must include failure modes under the worst-case scenario, and the access system must have in place equipment and products to overcome the worst-case situation.

Choosing an Installer

While the equipment manufactured for automated gates is designed for long life, it is still a mechanical product and will need service and maintenance to ensure its longevity. It is therefore vital that the company chosen to install your equipment has the experience, tenure, and expertise in installing and servicing an automated gate system. The following minimum guidelines should be addressed when choosing a system installer.

1. Do they have significant experience in installing and servicing automated gate systems?
2. Will they provide you with a list of similar installations covering at least the last several years?
3. Perform a credit check on the company with one of the major credit bureaus. Because of lien laws it is important to have a financially viable company that has a history of paying for their equipment. Remember to obtain lien releases before paying for any installation in full.
4. Have they been certified by any of the major manufacturers or industry associations through training programs? If so, which ones and are they the manufacturers of the equipment they are going to be installing?

The automated gate system is the first impression many will have of the community. Because the gate system involves a large moving mechanical device, carefully select the professional who will be installing the system—especially since the safety of all residents are at stake.

Case Studies

The following case studies, the Polo Club of Boca Raton and Laurel Oak Community Association, are intended to showcase how a community association can effectively implement a security program. In each of these situations, the board, management, and owners have worked together for the best interests of the association and successfully established a safe and well informed community.

case study #1

The Polo Club of Boca Raton

Size:	1,708 homes
Age:	1985
Location:	Boca Raton, FL
Board Size:	11 members

The Polo Club of Boca Raton is one of the most exclusive country club communities in south Florida. Located seven miles from downtown Boca Raton on 900 meticulously manicured acres, with two 18 hole golf courses, 29 Har-Tru tennis courts, 145,000 square foot clubhouse, and 30,000 square foot spa and fitness center, the member owned residential community is comprised of 24 associations with more than 1,800 homeowners.

The Polo Club residents value their privacy and have high expectations for their security program. The primary goals of the security program are providing value to the residents and offering them a sense of safety and security. To meet the residents' desire for controlled but quick entry to the system, the community installed an integrated access control system providing a record of all resident, visitor, and contractor community ingress and egress, gate arm integration, and video capture technology.

Safety and security go hand in hand at the Polo Club. Realizing that the Polo Club patrol officers are the most familiar with the community and in emergency situations are the first on scene, the Polo Club patrol includes a trained team of non-transport emergency response paramedics around the clock. These trained officers respond to over 200 calls annually and have saved numerous lives during the past four years. While 911 is always called first, having trained responders available has undoubtedly improved the survival rate of Polo Club residents. The patrol vehicle is equipped with a paramedic automated external defibrillator (AED) unit, comprehensive state required medical supplies in accordance with Florida administrative code, a public address system, and light fire suppression equipment.

In the past individual homeowners contracted with various alarm monitoring companies to monitor their home alarms and dispatch local law enforcement. The response time ranged from 20 minutes to one hour. To address this need the Polo Club installed a

redundant alarm receiving system in the main gatehouse and, utilizing the buying power of the association, contracted with a single alarm monitoring company, reducing the total costs by two-thirds and assuring residents of a less than two minute response time by the onsite roving security personnel.

Looking for ways to provide public relations oriented service to the residents has led to providing a security officer in the clubhouse on a daily basis and providing a special response team to provide surveillance of areas not accessible by road patrol officers—fence lines, golf course areas, and densely covered vegetation areas. With more than 500 employees the Polo Club also utilizes their security team to assist with employee terminations and crime awareness seminars.

The Polo Club management team attributes the success of their security program to a focus on developing strong relationships through effective communication between residents, management, and the security staff. Utilizing an outsourced security provider with clearly defined experience and background requirements has given the Polo Club long tenured security officers that know the community and the residents.

By providing customer/resident driven solutions that go beyond the traditional security functions, the Polo Club has become a model for security programs that residents count on for protecting not only their property but for improving their overall quality of life.

case study #2

Laurel Oak Community Association

Size:	400 homes
Age:	1989
Location:	Sarasota, FL
Board Size:	5 members

Laurel Oak Community Association (L.O.C.A.) in Sarasota is an upscale gated community designed with privacy in mind. Located on 813 acres of wetlands and nature preserve property, the 400 single family homes are located on lots ranging from one half acre to three acres. The community includes two Gary Player golf courses, 12 Har Tru tennis courts, a 45,000 square foot clubhouse, and a family of native deer that reside in the nature preserve. The community has two manned gates and a fully integrated gate access control system.

Laurel Oak is devoted to the interests of the homeowners and strives to help the community continue to live up to its mission statement: "We envision Laurel Oak as a safe and beautifully-maintained community, committed to high levels of owner satisfaction, mutual respect, and a spirit of community among our diverse residents, all harmoniously integrated with the Laurel Oak Country Club." As the association manager, Ruth Johnston has the primary responsibility for oversight of the security program. According to Ms. Johnston, the most important part of the Laurel Oak security program is communication—ongoing and frequent communication with residents and daily communication with the security officers.

Laurel Oak residents receive a weekly email from the L.O.C.A. manager every Friday, regardless of where they are living. The emails contain brief information on everything going on in the community and include a security focus. The emails focus on positive reminders, keeping residents aware and up-to-date. The ongoing communication provides reinforcement and the ability to quickly communicate any concerns. Residents have a reliable source of consistent information that replaces speculation and hearsay. Additionally, the association maintains an extensive community website that includes a wealth of information for residents, including the ability to easily update or change their gate access information. The website also includes important security and disaster response plans that are updated annually along with hurricane shutter guidelines, community documents, and resources to assist residents.

Ms. Johnston believes the key to communication success is establishing partnerships that bring value to the residents. The gate officers know every resident on a first name basis and work with management to keep residents feeling informed and cared about. Whether providing residents with periodic safety classes, preparing disaster recovery plans, or assisting the local Girl Scout troop with a fundraising drive at the front gate, the security officers are an integral part of the community, sharing experiences and keeping a safety and security focus for the residents.

Checklist: Tips on Securing Your Community

☐ Analyze your community as a whole—include both the surrounding communities and the community association in this analysis.

☐ Conduct an annual safety survey.

☐ Call a security meeting with the members.

☐ Point out effective interior security measures, in meetings and in newsletter articles.

☐ Conduct daily or weekly tours of the property, both on foot and by car.

☐ Check street lighting nightly.

☐ Communicate with neighboring properties.

☐ Review your use of exterior lighting.

☐ Control access into the community association, by limiting the number of entrance areas, or via gates.

☐ Use effective landscaping and maintenance measures.

☐ Establish a neighborhood watch program, including an out-of-town watch program and regular member recognition for their participation.

ATTACHMENT 2

Survey: Security Services

The responsibility for making a prudent decision on a security provider can best be served by thoroughly investigating the proposing companies. While many considerations factor into the decision of which security company to employ—such as community type, budget, and resident expectations—here are a series of questions that can help guide a community association through the evaluation process. The point system ranges from 0-5, with 5 representing the most satisfactory answer and 0 being unsatisfactory.

CRITERIA	0	1	2	3	4	5	NOTES
Human Resources							
1. Determine if the company has their own background investigation process and evaluate the extent and quality of the background investigation.							
2. Does the company use an outside lab for drug screening of all personnel?							
3. How does the company recruit officers? What programs are in place?							
4. Seek proof of the company's vacation and benefit package in detail. Determine what percentage of the health insurance premium is paid by the company. Ask what other plans are available.							
5. Does the company have safeguards in place to ensure prescribed pay rates are adhered to and full background checks are successfully completed prior to assignment to a particular account?							
Training							
6. How does the company provide training to its employees? What kinds of resources does it use?							
7. Does the company provide continuing education to all security officers?							
8. Has the organization been recognized by any industry groups or publications?							
9. Does the company issue a standard invitation to all prospects to make unannounced visits to training classes for the purpose of examining materials, speaking to students, and evaluating the overall learning atmosphere?							

Survey: Security Services

CRITERIA	0	1	2	3	4	5	NOTES
Operations and Support							
10. Does the company have their own 24-hour communications center to support all after hours activity?							
11. Does the company have radio system/communication capabilities that meet the needs of the customers?							
12. Does the company provide a formal transition plan to encompass all activities during the transition?							
13. Evaluate office management. Inquire about their backgrounds, job duties, and length of employment.							
14. Determine if the company provides an ample supply of uniforms, weapons, and other equipment at no charge to the officer, as well as replacement of damaged uniforms when necessary.							
15. Determine the company's policy regarding outside supervisory visits, including from office management. Determine the frequency and review documentation.							
16. Determine the company's relationship with local law enforcement.							
17. During national disasters, hurricanes, landslides, earthquakes, fires, etc., what are the company's capabilities dealing with these circumstances? How are they provided and at what cost?							
18. Ascertain the number of support offices in the immediate area.							
19. Review office copies of operational orders from existing clients. Ascertain if they describe in-depth all of the instructions and duties for the site. Check for thoroughness and attention to detail.							
20. Will the company remove any officer from the community at your request? Ask what the procedure entails.							
21. Does the company have an incentive award program in place for outstanding performance and heroic deeds?							

Survey: Security Services

CRITERIA	0	1	2	3	4	5	NOTES
Validation							
22. Require the company to bring in working security officers from various communities to be interviewed by your team. Ask any questions that you feel appropriate.							
23. Determine if the company sends you evaluation questionnaires regarding their performance, as well as the frequency.							
24. Regarding firearms, what programs are in effect beyond state requirements to enhance judgment and safety training?							
25. Determine if the company has been designated and certified by Homeland Security to be a qualified provider.							
26. Does the security company have a policy for protecting the information of residents?							
27. Gather opinions from other clients regarding the company's performance over an extended period of time.							
28. Ask to see letters of commendation received throughout the years from clients and the public.							
29. Ascertain the company's experience in working with community associations.							
30. Ask the company about client cancellations and the reasons. Judge the veracity of the company's explanations.							
31. Does the company have a working relationship with various minority subcontractors to be utilized when required by bid specifications? Ask for proof.							
Value Added							
32. Beyond uniform protection, does the company have the ability to provide other services when needed that include investigations, undercover, loss prevention surveys, engineering services, consulting services, and risk assessment services?							
33. How encompassing is the liability coverage provided and does the company provide a hold-harmless agreement to the client? Determine the amount of coverage.							

Survey: Security Services

CRITERIA	0	1	2	3	4	5	NOTES
Value Added, *continued*							
34. Determine the company's experience utilizing technology in conjunction with manpower. Examples: computer access control, instant mobile reporting utilizing a PDA system, capability of tracking real time incidents, and location of security officer. Does the company have an affiliation with an electronics company for surveys and installation?							
35. Ascertain what innovations, if any, the company has made to enhance the security posture of all of their clients.							
36. Does the company provide upward mobility and promotions for their security officers throughout the organization into supervision, middle management, and senior management? Ask them to provide examples.							
37. Request that the company provide a state regulatory contact for you to inquire about licenses, complaints, and violations.							
38. Investigate the financial stability of the company.							
39. Does the company belong to and/or are they active in professional organizations such as ASIS, CAI, or BOMA, etc.?							
40. Is the company involved in the local community, charitable organizations, or chamber of commerce?							

Security Acronyms and Key Terms

AC (Alternating Current)—AC refers to the form in which electricity is delivered to businesses and residences. Audio and radio signals carried on electrical wire are also examples of alternating current.

ALPR (Automated License Plate Reader) or LPR (License Plate Reader)—Captures or stores license plate information by converting the video image to a computer journal entry of manageable text, by using special plate illuminators, combined with real time video analytics processors.

CAT5 (Category 5 cable)—A twisted pair cable type designed for high signal integrity and used in networking applications.

CCTV (Closed-circuit television)—The use of video cameras to transmit signal to a specific, limited set of monitors. It differs from broadcast television in that the signal is not openly transmitted, though it may employ point to point wireless links.

Coaxial cable—A type of wire that consists of a center wire surrounded by insulation and then a grounded shield of braided wire. The shield minimizes electrical and radio frequency interference. Coaxial cabling is the primary type of cabling used by the able television industry and is also widely used for computer networks, such as Ethernet.

Controller—The heart of an access control system. The controller is the part of the system that makes the access control decision. It decides whether the device should open the gate or door.

DVR (Digital Video Recorder)—This device transforms analog video signals from security cameras into digital format, suitable for storage on a hard drive. It also helps the user manage the stored video files, as well as providing motion detection settings and PTZ security camera control. DVRs can often be remotely accessed over the Internet.

Ethernet—A family of frame-based computer networking technologies for local area networks (LANs). The name comes from the physical concept of the ether.

Fiber optic cable—A cable made up of super-thin filaments of glass or other transparent materials that can carry beams of light. Because a fiber-optic cable is light-based, data can be sent through it at the speed of light. Fiber-optics are less susceptible to noise and interference than other data-transfer mediums such as copper wires or telephone lines.

Infrared illuminator—A light source working in the infrared frequency range.

IP 66 (Ingress Protection)—A designation system used to classify different types of housing according to their degree of protection. The protection classification offered is shown by the letter IP and two digits. The first digit indicates protection for persons and equipment (6 means dust tight), and the second digit indicates the protection against water (6 means protected against heavy water jets).

MCSE (Microsoft Certified Systems Engineer)—A certification offered by Microsoft proving expertise in designing and implementing the infrastructure for business solutions based on the Microsoft Windows 2000 platform and Windows Server System.

"Mesh" networks—A decentralized and simplified network created through the connection of wireless access points installed at each network user's locale. Wireless mesh networking could allow people living in remote areas and small businesses operating in rural neighborhoods to connect their networks together for affordable Internet connections.

Motion Detectors—These devices are used to detect motion on security cameras. Simple motion detection triggers the camera to either record or set an alarm. Motion detection by frame region instructs the camera to respond only if a certain area of the screen detects motion. Outdoor motion detectors operate in the same fashion as indoor motion detectors with a much longer range of detection.

Multiplexer—A high-speed switch that provides full-screen images from up to 16 analog cameras. Multiplexers can playback everything that happened on any one camera with no interference from the other cameras on the system.

NRTL (Nationally Recognized Testing Laboratory)—A U.S. Department of Labor Occupational Safety & Health Administration (OSHA) program that recognizes private sector organizations for meeting necessary qualifications. The NRTL determines that specific equipment and materials meet consensus-based standards of safety to provide the assurance, required by OSHA, that these products are safe for use in the U.S. workplace.

OEM (Original Equipment Manufacturer)—A company that acquires a product or component and reuses or incorporates it into a new product with its own brand name.

Point-to-point networks—These devices send several infrared beams between two points, usually host computers. Point-to-point is sometimes referred to as P2P, or Pt2Pt, or variations of this. As the beams are broken, the alarm is activated. These are installed in areas with direct line of sight.

PTZ (Pan, Tilt, Zoom)—PTZ cameras allow you to adjust the position ("pan" is side-to-side, "tilt" is up-and-down) and focus ("zoom") of the camera using a remote controller.

Stellar cables—This technology is used on top of walls or connected to fences. It has a shock sensitive cable that is attached directly to the fence or installed in conduit on top of the wall. As an intruder grabs the fence or places his or her hand on the top of the wall, the alarm is activated.

Additional Resources

Books available from CAI

Before Disaster Strikes: Developing an Emergency Procedures Manual, by the Institute for Real Estate Management, 1999.

Copyright Free Articles: for Community Association Newsletters & Websites, 2009.

Copyright-Free Articles, Vol. 2, for Community Association Newsletters and Websites, 2013.

Homeowners Associations: A How To Guide for Leadership and Effective Participation, by John Paul Hanna & Grace Morioca, 1999.

Managing & Governing: How Community Associations Function, by Clifford J. Treese, CIRMS, 2007.

Natural Disasters: How Community Associations Protect Themselves, by Debra H. Lewin, 2006.

Neighborhood Watch: What Residents Can Do about Crime

Spotlight on Security for Real Estate Managers, 2nd Ed., by Lawrence J. Fennelly, CPO, 2005.

True Stories of Survival & Triumph, 2006.

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

Other Books/Articles of Interest

Behind The Gates: Life, Security, and the Pursuit of Happiness in Fortress America, by Setha Low (2003).

Crime Prevention Through Environmental Design, by Timothy Crowe (2000).

The Design and Evaluation of Physical Protection Systems, by Mary Lynn Garcia (2001).

Effective Security Management, by Lawrence J. Fennelly, CPO (2004).

Encyclopedia of Security Management, by John Fay (1993).

Fortress America: Gated Communities in the United States, by Edward J. Blakely (1999).

Handbook of Loss Prevention and Crime Prevention, Lawrence J. Fennelly, CPO (2004).

High-Rise Security and Fire Life Safety, by Geoff Craighead (2003).

"Gated Communities and Property Values," by Michael LaCour-Little and Stephen Malpezzi (2001).

Introduction to Security, by Robert Fischer (2004).

Physical Security: 150 Things You Should Know, by Louis Tyska and Lawrence J. Fennelly, CPO (2000).

Risk Analysis and the Security Survey, by James Broder (2000).

Security and Loss Prevention, by Philip P. Purpura (2002).

The Ultimate Security Survey, by James L. Schaub and Ken D. Bicry (1998).

Understanding Crime Prevention, by the National Crime Prevention Institute (2001).

Additional Resources, *continued*

Web Resources

American Fence Association, www.americanfenceassociation.com

Building Owners and Managers Association (BOMA) International, www.boma.org

The American Society of Landscape Architects, www.asla.org

ASIS (American Society for Industrial Security) International, www.asisonline.org

ASTM International, www.astm.org

Community Associations Institute, www.caionline.org

Door and Access Systems Manufacturers Association, www.dasma.com

Foundation for Community Associations Research, www.cairf.org

International Association of Professional Security Consultants, www.iapsc.org

LiveSecure.org, www.livesecure.org

The National Association of Security Companies, www.nasco.org

National Crime Prevention Council, www.ncpc.org

National Ornamental and Miscellaneous Metals Association, www.nomma.org

Project Safe America, www.psn.gov

Security Magazine, www.securitymagazine.com

U.S. Department of Homeland Security, www.dhs.gov or www.ready.gov

Best Practices Reports *(available at www.cairf.org)*:

Community Harmony & Spirit

Community Security

Energy Efficiency

Financial Operations

Governance

Green Communities

Reserve Studies/Management

Strategic Planning

Transition

About the 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 volunteer leaders, community managers and other professional service providers, legislators, regulators and the media. Our work is made possible by your tax-deductible contributions.

Your support is essential to our research. Visit www.cairf.org or e-mail foundation@caionline.org.

About Community Associations Institute (CAI)

Community Associations Institute (CAI) is an international membership organization dedicated to building better communities. With more than 32,000 members, CAI works in partnership with 60 chapters, including a chapter in South Africa, as well as with housing leaders in a number of other countries, including Australia, Canada, the United Arab Emirates and the United Kingdom. CAI provides information, education and resources to the homeowner volunteers who govern communities and the professionals who support them.

CAI members include association board members and other homeowner leaders, community managers, association management firms and other professionals who provide products and services to associations. 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 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, innovations and best practices in community association development, governance and management.

We believe homeowner and condominium 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. Our mission is to inspire professionalism, effective leadership and responsible citizenship—ideals reflected in associations that are preferred places to call home. Visit www.caionline.org or call (888) 224-4321.

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DEVELOPING FUNCTION-SPECIFIC BEST PRACTICES in the community association industry has been a goal of Community Associations Institute and the Foundation for Community Association Research for several years. The Foundation has developed best practices in select topic areas using a variety of sources, including, but not limited to, recommendations from industry experts and various industry-related publications. The outcomes of the Best Practices project include:

- Documented criteria for function-specific best practices.
- Case studies of community associations that have demonstrated success in specific areas.
- A showcase on community excellence.

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best practices

Energy Efficiency

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research

best practices

REPORT # 6

Energy Efficiency

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best practices

Community Associations Institute (CAI) and the Foundation for Community Association Research are dedicated to conducting research and acting as a clearinghouse for information on innovations and best practices in community association creation and management.

What are Best Practices?

The Foundation for Community Association Research is proud to offer function-specific Best Practices Reports in the community association industry. The Foundation has developed best practices in select topic areas using a variety of sources, including, but not limited to, recommendations from industry experts and various industry-related publications. The outcomes of the Best Practices project include:
- documented criteria for function-specific best practices;
- case studies of community associations that have demonstrated success; and
- the development of a showcase on community excellence.

The benefits of benchmarking and developing best practices include: improving quality; setting high performance targets; helping to overcome the disbelief that stretched goals are possible; strengthening cost positions; developing innovative approaches to operating and managing practices; accelerating culture change by making an organization look outward rather than focusing inward; and bringing accountability to the organization because it is an ongoing process for measuring performance and ensuring improvement relative to the leaders in the field.

The Foundation's entire catalog Best Practices Reports is available at www.cairf.org as a free download and for sale in CAI's bookstore.

Introduction

As of 2007, there are almost 300,000 community associations—condominium associations, cooperatives, and homeowners associations—in the United States, representing more than 20 million homes and almost 65 million people. Currently, the average U.S. family spends nearly $1,300 a year on energy bills, with much of that energy being wasted due to air leaks, inefficient appliances and a general lack of attention on this important issue.

CAI and the Department of Energy (DOE) are dedicated to educating the community association industry—and the significant portion of the U.S. population it represents—on the many ways to increase the energy efficiency of their homes and thereby reduce both energy consumption and costs.

In this report, you will find information on the following areas:

- Retrofitting both existing homes and community structures such as clubhouses. In this section, you will find tips for energy efficiency related to appliances, insulation and weatherization, heating and cooling, landscaping, lighting, and windows.
- Utilizing the increasing support of the "Building Green" movement. In particular, this section focuses on the success of the Department of Energy's Building America Program and highlights Civano, Arizona—one of the first communities built to be energy efficient through the use of construction improvements and solar energy.
- Gaining ideas from case studies of community associations across the country that have demonstrated success in reducing energy consumption and costs.

A good deal of the material in this report is taken from the DOE publication titled *Energy Savers: Tips on Saving Energy & Money at Home*. To download a free copy of this booklet, visit the DOE website at *www.eren.doe.gov/energy_savers/*. Have additional energy questions? Call 1-800-DOE-EREC.

Retrofitting Existing Homes

Given that nearly a quarter of a million community associations have already been built, it's becoming increasingly common for both communities and individual homeowners to outfit older homes and clubhouses with new hardware in order to save on energy costs. There are numerous ways to increase the energy efficiency of homes and reduce energy bills. By making just a few of the energy-efficiency improvements included in this report, homeowners can save up to 50 percent on their energy bills and increase the resale value of their homes.

Appliances

Appliances account for about 20 percent of your household's energy consumption, with refrigerators, clothes washers and clothes dryers at the top of the consumption list. Every appliance has two price tags—a purchase price and the operating cost. Depending on the appliance, you'll be paying on that second price tag every month with your utility bill for the next 10 – 20 years.
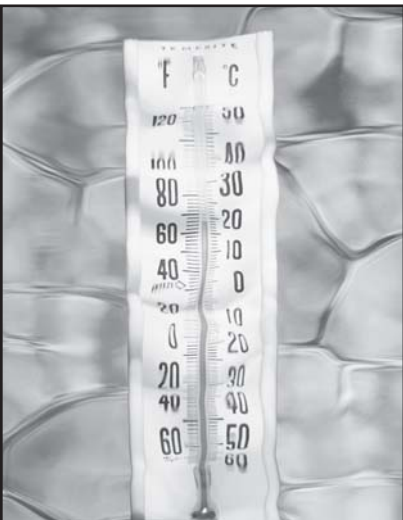
To help you figure out if an appliance is energy efficient, the federal government requires most appliances to display the yellow and black EnergyGuide label. These labels will not tell you which appliance is most efficient, but they will tell you the annual energy consumption in kilowatt-hours (kWh) and operating cost of each appliance so you can compare products.

When you shop for a new appliance, also look for the ENERGY STAR® label. The U.S. Department of Energy and the U.S. Environmental Protection Agency have identified ENERGY STAR appliances as the most energy efficient products in their classes. Appliances, computer equipment, and other products with the ENERGY STAR label usually exceed minimum federal efficiency standards by a substantial amount.

Refrigerators

When shopping for a new refrigerator, pay close attention to the EnergyGuide label, and don't forget to look for the ENERGY STAR label. A refrigerator with an ENERGY STAR label will save you between $35 and $70 a year compared to the refrigerators designed 15 years ago. Another tip is to look for a refrigerator with automatic moisture control. Models with this feature have been engineered to prevent moisture accumulation on the cabinet exterior without the addition of a heater. This is not the same thing as an anti-sweat heater. Models with an anti-sweat heater will consume five to 10 percent more energy than models without this feature.

To get the most efficient operation out of your refrigerator, don't keep the refrigerator or freezer too cold. Recommended temperatures are 37 to 40 degrees Fahrenheit for the fresh food compartment of the refrigerator and five degrees Fahrenheit for the freezer. If you have a separate freezer for long-term storage, it should be kept at zero degrees Fahrenheit. To check the refrigerator temperature, place an appliance ther-

mometer in a glass of water in the center of the refrigerator and read it after 24 hours. To check the freezer temperature, place a thermometer between frozen packages and read it after 24 hours.

Clothes Washers

Between 80 and 85 percent of the energy used for washing clothes is for heating the water. There are only two ways to reduce the amount of energy used for washing clothes—use less water and use cooler water. Switching your temperature setting from hot to warm can cut a load's energy use in half and unless you're dealing with oily stains, the warm or cold water setting will generally do a good job of cleaning your clothes. To get the maximum efficiency out of your clothes washer, wash only full loads. If you need to wash a small load, be sure to use the appropriate water-level setting.

Clothes Dryers

When shopping for a new clothes dryer, look for one with a moisture sensor that automatically shuts off the machine when the clothes are dry. Not only will this save energy, it will save on the wear and tear on your clothes caused by over-drying. Also keep in mind that gas dryers cost less to operate than electric dryers. Specifically, the cost of drying a typical load of laundry in an electric dryer is 30 to 40 cents compared to only 15 to 25 cents in a gas dryer.

To get the maximum efficiency out of your clothes dryer, dry towels and heavier cottons in a separate load, clean the lint filter after every load to improve air circulation and periodically check your dryer vent to ensure it is not blocked. Not only will checking the vent save energy, but it may prevent a fire.

fyi **For more information on energy-efficient appliances, contact:**
Association of Home Appliance Manufacturers, *www.aham.org*
ENERGY STAR, *www.energystar.gov*
DOE's Energy Efficiency and Renewable Energy Clearinghouse, *www.eren.doe.gov/ erec/factsheets*

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refrigerator/freezer energy tips

- Always cover liquids and wrap foods stored in the refrigerator. Uncovered foods release moisture and make the compressor work harder.

- Make sure your refrigerator door seals are airtight. Test them by closing the door over a piece of paper or a dollar bill so that half is in and half is out of the refrigerator. If you can pull the paper or bill out easily, the latch may need adjustment or the seal may need replacing.

- Move your refrigerator away from the wall and vacuum the condenser coils once a year unless you have a no-clean condenser model. Your refrigerator will run for shorter periods with clean coils.

- Regularly defrost manual-defrost refrigerators and freezers. Frost build-up decreases the energy efficiency of the unit. Don't allow frost to build up more than one-quarter of an inch.

Insulation and Weatherization

Owners can increase the comfort of their home while reducing their heating and cooling needs by up to 30 percent by investing just a few hundred dollars in proper insulation and weatherization. Checking a home's insulation is one of the fastest and most cost-efficient ways to reduce energy waste and maximize energy dollars.

Start with the insulation. Check your attic, ceilings, exterior and basement walls, floors, and crawl spaces to determine if the insulation meets the levels recommended for your area. For customized insulation recommendations, visit *www.eren.doe.gov/buildings/ wthr_insulating.html*. The easiest way to insulate a home is to add insulation to the attic. To determine if there is enough attic insulation, measure the thickness of the insulation. Insulation is measured in R-values. The higher the R-value, the better the walls and roof will resist the transfer of heat and cold. If there is less than R-22 (seven inches of fiber glass or rock wool or six inches of cellulose), it would be beneficial to add more. Most U.S. homes should have between R-22 and R-49 insulation in the attic.

When selecting the insulation R-value for your home, consider such factors as the climate, building design, and budget. Use rigid foam boards or other higher-density insulation in cathedral ceilings and on exterior walls. As specified on the product packaging, follow instructions for installation and wear proper protective gear.

weatherization tips
• When the fireplace is not in use, keep the flue damper tightly closed—otherwise air escapes 24 hours a day!
• Install rubber gaskets behind outlet and switch plates.
• Look for dirty spots in your insulation, which often indicates holes where air leaks into and out of the house. Staple sheets of plastic over the holes to seal them and caulk the edges of the plastic.

Then move on to weatherization. Warm air leaking into a home in the summer and out of a home during the winter can waste a substantial amount of energy dollars. One of the quickest and easiest tasks you can do is caulk, seal, and weather-strip all seams, cracks, and openings to the outside. By reducing the air leaks in a home, the energy bill can be reduced by 10 percent or more.

Common areas of air leakage into and out of homes include dropped ceilings, recessed lighting, attic entrance, electric wires and boxes, plumbing utilities, water and furnace flues, ducts, door sashes and frames, chimneys, warm air registers, window sashes and frames, baseboards, coves and interior trim, plumbing access panels, electrical outlets and switches, light fixtures, and sill plates. While air infiltrates a home through every nook and cranny, about one-third of this air infiltrates through openings in the ceilings, walls, and floors.

fyi **For more information on insulation, weatherization, and ventilation, contact:**

Cellulose Insulation Manufacturers Association, *www.cellulose.org*

ENERGY STAR, *www.energystar.gov*

Insulation Contractors Association of America, *www.insulate.org*

National Association of Home Builders, *www.nahb.com*

North American Insulation Manufacturers Association, *www.naima.org*

Owens Corning Customer Service Hotline, *www.owenscorning.com*

Polyisocyanurate Insulation Manufacturers Association, *www.pima.org*

U.S. DOE's Energy Efficiency and Renewable Energy Clearinghouse, *www.eren.doe.gov/erec/factsheets*

Heating and Cooling

On average, heating and cooling account for 44 percent of a typical utility bill. In fact, heating and cooling uses more energy and drains more energy dollars than any other system in the home. It also has a negative effect on the environment. Together, the heating and cooling systems in the U.S. emit more than a half billion tons of carbon dioxide into the atmosphere each year, adding to global warming, and generating about 24 percent of the nation's sulfur dioxide and 12 percent of the nitrogen oxides—the chief ingredients in acid rain.

No matter what kind of heating, ventilation, and air-conditioning system is in a home, properly maintaining and upgrading equipment can save money and increase comfort. By combining proper equipment maintenance and upgrades with appropriate insulation, weatherization, and thermostat settings, energy bills and pollution output can be cut in half.

Ducts

Your home's duct system—a branching network of tubes in the walls, floors, and ceilings—carries the air from the furnace and central air conditioner to each room. Ducts are made of sheet metal, fiberglass, or other materials. Unfortunately, many duct systems are poorly insulated or not insulated at all. Ducts that leak heated air into unheated spaces can add hundreds of dollars a year to heating and cooling bills.

Insulating ducts that are in unconditioned spaces is usually very cost-effective. Sealing ducts to prevent leaks is even more important if the ducts are located in unconditioned areas such as attics or vented crawl spaces. Although minor duct repairs are easy to accomplish, ducts in unconditioned areas should be sealed and insulated by qualified professionals using the appropriate sealing materials.

Heat Pumps

Heat pumps are the most efficient form of electric heating in moderate climates, providing three times more heating than the equivalent amount of energy they consume. There are three types of heat pumps: air-to-air, water source, and ground source. They collect heat from the air, water, and ground outside a home and concentrate it for use

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heating and cooling tips

- Set the thermostat as low as is comfortable in the winter and as high as is comfortable in the summer.
- Clean or replace furnace filters once a month or as needed.
- Clean warm-air registers, baseboard heaters, and radiators as needed.
- Don't place lamps or TV sets near your air-conditioning thermostat—it senses heat from these appliances and can cause the unit to run longer than necessary.

- Place heat-resistant radiator reflectors between exterior walls and the radiators.
- Turn kitchen, bath, and other ventilation fans off as soon as they have done the job. In just one hour, these fans can pull out a houseful of warmed or cooled air!
- Bleed trapped air from hot-water radiators once or twice a season; if in doubt about how to perform this, call a professional.

inside. Heat pumps also do double duty as a central air conditioner as they can cool a home by collecting the heat inside a house and effectively pumping it outside.

Gas and Oil Heating Systems

If you plan to buy a new heating system, ask your local utility or state energy office for information about the latest technologies available to consumers. For a list of state energy offices, visit *www.naseo.org/members/states.htm*. They can advise you on more efficient systems on the market today. For example, newer models incorporate designs for burners and heat exchangers that result in higher efficiencies during operation and reduced heat loss when the equipment is off. Also look for the ENERGY STAR and EnergyGuide labels.
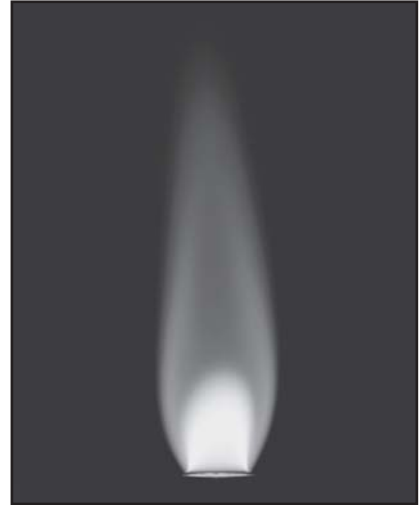
Fireplaces

A fireplace is one of the most inefficient heat sources you can possibly use. It sends energy dollars up the chimney along with volumes of warm air. When you use the fireplace, reduce heat loss by opening the dampers in the bottom of the firebox (if provided) or open the nearest window slightly (approximately an inch), close the door to the room, and lower the thermostat setting to between 50 and 55 degrees Fahrenheit.

Other tips to reduce energy loss associated with fireplaces include installing tempered glass doors and heat-air exchange system that blows warmed air back in the room, checking the seal on the flue damper to ensure it is as snug as possible, adding caulking around the fireplace hearth, and using grates made of C-shaped metal tubes to draw cool room air into the fireplace and circulate warm air back into the room.

Air Conditioners

Sizing is extremely important when selecting the right room air conditioning unit—and bigger is not better. A room air conditioner that is too big for the area it is supposed to cool will perform less efficiently and less effectively than a smaller, properly-sized unit. This is because room units work better if they run for relatively long periods of time than if they are continually switching off and on.

Size is equally important for central air-conditioning systems, which need to be sized by professionals. If you have a central air system in your home, set the fan to shut off at the same time as the cooling unit (compressor). In other words, don't use the system's central fan to provide circulation, but instead use circulating fans in individual rooms.

Don't set your thermostat at a colder setting than normal when you turn on your air conditioner. It will not cool your home any faster and could result in excessive cooling and, therefore, unnecessary expense.

Programmable Thermostats

You can save as much as 10 percent a year on your heating and cooling bills just by turning your thermostat back 10 to 15 percent for eight hours. You can do this automatically without sacrificing comfort by installing an automatic setback or programmable thermostat. Using a programmable thermostat, you can adjust the times you

turn on the heating or air-conditioning according to a pre-set schedule, resulting in reduced operation of the equipment when you are asleep or the house is not occupied.

Landscaping

Landscaping is a natural and beautiful way to keep your home more comfortable and reduce your energy bills by up to 25 percent. In addition to adding aesthetic value and environmental quality to your home, a well-placed tree, shrub, or vine can deliver effective shade, and act as a windbreak. A well designed home admits low-angle winter sun to reduce heating bills, rejects overhead summer heat to reduce cooling bills, and minimizes the chill effect of winter winds.

While the energy-conserving landscape strategies you should use for your home depend on the type of climate in which you live, there are some generalities. Deciduous trees planted on the south and on the west sides will keep your house cool in the summer and allow sun to shine in the windows in the winter. Vines also provide shading and cooling. Growing on trellises, vines can shade windows or the whole side of a house. Winter winds can be deflected by planting evergreen trees and shrubs on the north and west sides of the house.

Lighting

Increasing your lighting efficiency is one of the fastest ways to decrease your energy bills. If you replace 25 percent of your lights in high-use areas with fluorescents, you can save about 50 percent of your lighting energy bill.

Indoor Lighting

Fluorescent lamps are much more efficient than incandescent bulbs and last six to 10 times longer. Use linear fluorescent and energy-efficient compact fluorescent lamps (CFLs) in fixtures throughout your home to provide high-quality and high-efficiency lighting. While more expensive than incandescent bulbs, fluorescent lamps pay for themselves by saving energy over their lifetime. If you have torchiere fixtures with halogen

lamps, consider replacing them with compact fluorescent torchieres, which use 60 to 80 percent less energy, can produce more light, and do not get as hot.

Outdoor Lighting

Many homeowners use outdoor lighting for decoration and security. To save energy, use outdoor lights with a photocell unit or a timer so they will turn off during the day and turn off decorative outdoor gas lamps. Exterior lighting is one of the best places to use CFLs because of their long life. If you live in a cold climate, be sure to buy a lamp with a cold-weather ballast.

fyi **For more information on energy-efficient lighting, contact:**
ENERGY STAR, *www.energystar.gov*
U.S. DOE's Energy Efficiency and Renewable Energy Clearinghouse,
    www.eren.doe.gov/erec/factsheets

Windows

Windows can be one of your home's most attractive features—they provide views, daylight, ventilation, and solar heating in the winter. However, windows also account for 10 to 25 percent of heating bills. During the summer, windows cause your air conditioner to work two to three times harder. If you have single-pane windows, consider replacing them with new double-pane windows with high-performance glass.

In colder climates, select windows that are gas filled with low-emissivity (low-e) coatings to reduce heat loss. In warmer climates, select windows with spectrally-selective coatings to reduce heat gain. More specifically, if you live in the Sun Belt—an area abundant with community associations—look into new solar control spectrally-selective windows, which can cut the cooling load by more than half.

If you decide not to replace your windows, there are simpler, less costly options. You can install exterior or interior storm windows; these can reduce heat loss through the windows by 25 to 50 percent. If necessary, you should repair and weatherize your current storm windows.

warm climate window tips
• Install white window shades, drapes, or blinds to reflect heat away from the house.
• Close curtains on south- and west-facing windows during the day.
• Install awnings on south- and west-facing windows.
• Apply sun-control or other reflective films on south-facing windows to reduce solar gain.

fyi **For more information on windows, contact:**
American Architectural Manufacturers Association, *www.aamanet.org*
Efficient Windows Collaborative, *www.efficientwindows.org*
ENERGY STAR, *www.energystar.gov*
Wood Window and Door Manufacturers Association, *www.nwwda.org*
Owens Corning Customer Service Hotline, *www.owenscorning.com*
U.S. DOE's Energy Efficiency and Renewable Energy Clearinghouse,
    www.eren.doe.gov/erec/factsheets

Building Green

Building America

The U.S. Department of Energy's Building America Program is reengineering the American home for energy efficiency and affordability. The program works with the residential building industry to develop and promote efficient building processes and technologies that save both builders and homeowners millions of dollars in construction and energy costs. Building America helps homebuilders lower their customers' energy bills, reduce callbacks and claims, offer more options for the same price through cost-saving system trade-offs, and stand out in the market place.

Building America forms teams of architects, engineers, builders, equipment manufacturers, material suppliers, community planners, mortgage lenders, and contractors. The teams build houses with a systems engineering approach, which views a house as an integrated system of components, and incorporates improvements that together yield optimal energy and cost savings, quality, and performance. The program and its five national teams have built more than 14,000 energy efficient houses.

Building America aims to:

- Reduce home energy use by 30 to 70 percent.
- Improve comfort and indoor air quality.
- Encourage a systems engineering approach for the design and construction of new houses.
- Reduce construction time and waste.
- Accelerate the development and adoption of high performance in production housing.

fyi **To learn more about the Building America Program,** visit *www.eren.doe.gov/ buildings/building_america/.*

Civano, Arizona

Located southeast of Tucson, Arizona, Civano is a prime example an energy-efficient community that's used environmentally-friendly alternatives to foster connections among neighbors as well as to the environment. In response to the energy crisis in the 1970's, a group of innovative advocates and government officials created the concept of a master-planned community that would take advantage of Tucson's abundant solar resources. Civano was the result.

Over the years, the concept evolved to embrace a broader agenda, one that would address a number of environmental issues, and resource and planning concepts; all directed toward creating a planned community in balance with its natural surroundings. As Civano develops into a 1,100-acre sustainable community, it continues to emphasize the quality and value that are hallmarks of the community. Value is derived

from the security of knowing the homes are constructed to the highest standards of quality and energy-efficiency. Both the homes and the community are designed for lasting appeal—today and far into the future.

Today, the mission of Civano is to create a sense of place that invites community and connects people to each other and their natural surroundings, aspire to be more mindful of the environmental and natural resources, promote innovation in construction and design that will enhance the quality of life, and use less energy, and create lasting value for homeowners.

Developed by Civano and the City of Tucson, the IMPACT (Integrated Method of Performance and Tracking) Standards explore how it is possible, over time, to reach a balance among growth, affordability, and achieving a greater integration with the environment. The Standards address energy efficiency, resource and environmental awareness, and community-strengthening goals, as well as provide a means of measuring progress toward attaining them. More specifically, the Civano building code calls for R-38 roofs, R-19 walls, and double-paned glass—these construction improvements alone make the houses 15 to 20 percent more efficient. Well-installed, low-E, double-paned windows make a big difference in energy use for three reasons; first, leakage is reduced; second, the windows themselves are more energy efficient; and, third, solar coatings and low-E reduce the effect of direct solar heat gain through the glass.
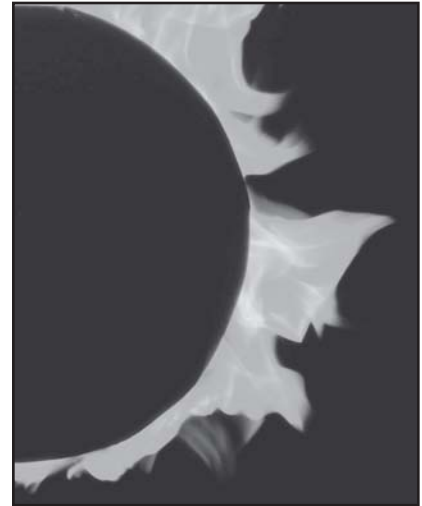
This dynamic exploration of complex goals is an example of how Civano approached the development of a community from a sustainable perspective, while offering affordable homes. It is at the heart of Civano's goal of creating added value for homebuyers. The builders, developers, and residents of Civano are collectively committed to achieving the following goals:

- Significantly reducing energy consumption; all Civano homes are currently designed to use 50 percent less energy than a typical home of the same size
- Significantly reducing potable (drinking) water consumption
- Reducing internal vehicle miles by creating a pedestrian-friendly neighborhood
- Reducing landfill-destined solid waste
- Integrating working and living environments

Have they been successful? According to an article in the *Arizona Daily Star* on February 4, 2002, the annual energy cost savings by Civano homeowners ranged from $533 to $781, roughly $54 per month, according to a study by Al Nichols Engineering, Inc. The firm conducted the study for a 12-month period ending August 31, 2001, by comparing energy usage of homes at Civano to a baseline of energy usage during 1998 and 1999 in standard newly built Tucson homes. Savings were attributed to such Civano design features as highly efficient heating and cooling systems, solar hot water generation, higher-rated insulation, leak-tested ductwork, and energy-efficient windows.

fyi　**For more information on Civano,** visit *www.civano.com.*

Case Studies

Think your community can't make a difference? Think again. Following are five case studies of community associations that made it a priority to reduce their energy consumption and costs—and have successfully done so. Your community can do the same.

case study #1

Castlegate Homeowners Association

Size:	48 units
Location:	Pasadena, California
Board Size:	5 members

Castlegate Homeowners Association is a 48-unit condominium, which has three hallways—each almost three hundred feet in length—that have no natural light. In addition, there are two stairwells, two foyers, and two entries to the parking garage, where the lights are on 24 hours a day, 365 days a year. Furthermore, the underground garage also has lighting at all times.

In planning for the 2002 fiscal year, the electricity forecast for the community was up nearly seven percent, or 11.5 percent of the total budget. Since the City of Pasadena was offering energy cost rebates on projects of up to 25 percent of project cost, not to exceed the first year's energy cost savings, and the building was due for complete interior painting and decorating, the board agreed that the timing was right to replace the light fixtures—which used five 40-watt candelabra incandescent bulbs with high heat output, short life spans, and were dated in appearance—with energy-efficient lighting.

The goals for the lighting project were to reduce the cost of electricity by more than 25 percent, minimize the number of bulbs and tubes inventoried, and select light fixtures that blended in with the redecorating project. A secondary goal was to reduce the hallway temperatures by more than five degrees Fahrenheit, as the old fixtures expended a tremendous amount of heat.

The first step was to determine the number of existing fixtures and bulb wattages, plus days and hours lighted. The next step was to compare fluorescent bulb energy usage versus incandescent and determine if the lumens were adequate to light three 290-foot halls. Once that information was collected, the community built a spreadsheet containing the number of fixtures, bulbs and wattage, and the hours and days of use per fixture. Then, they added the same information for the proposed fluorescent fixtures and determined the energy cost per kilowatt based on information from Pasadena Water and Power. The findings were substantial. The incandescent light used 59,545 kilowatts per year at an annual cost of $7,595 while the fluorescent light used only 8,833 kilowatts per year at an annual cost of $1,325. The result was a projected annual savings of $6,270.

The community has since completed the lighting project and received a rebate check from Pasadena Water and Power, a Department of the City of Pasadena, in the amount of $2,023.55. The completed project cost $8,084.19, with an after-rebate cost of $6,060.64. Thus, the payback time on the project was less than one year.

What have the actual results been? From October 2001 through March 2002, the number of kilowatts used per day was reduced by 31.8 percent, representing a savings of $3,254 for the 182 days. While the projected savings for 365 days equals $6,526, the actual savings have been four percent greater than projected. Can your association have energy savings like these? Absolutely. The key steps are to contact your energy provider and to build board and owner support for the project. If your energy supplier won't build a spreadsheet, see if one of the residents has the capability and willingness to do so.

case study #2

Watergate at Landmark Condominium Unit Owners Association

Size: 1,460 units
Location: Alexandria, Virginia
Board Size: 9 members

Watergate at Landmark was established in 1975 as the first condominium association subject to the Virginia Condominium Act. Since it's founding, the association has continued to mature as a community while maintaining the original vision of the developer. Conceptually, the volunteer and organizational structure, have remained the same since 1975.

In the early 1990's, Watergate's managing agent performed an energy audit that resulted in a recommendation that, among other things, the community convert the current hot water and common area heating system from electric to gas. This was an enormous undertaking for a community with 1,460 units on 38 acres with master meters for both gas and electric. The projected savings was approximately $1,000.00 per day. The board of directors made the decision after obtaining a 51 percent ownership approval to convert the domestic hot water, indoor pool and Jacuzzi water, and corridor heating systems to gas. Because many residents were concerned about the safety of gas fuel, the gas lines for the hot water heaters and heating, ventilation, and air conditioning (HVAC) system were all placed on the roof with no gas lines inside the buildings and no unsightly flue going up the outside of the building. The resulting energy savings exceeded the projection and the time for dollar payback was less than three years.

In addition, Watergate has embarked on two programs aimed at producing significant electrical cost savings. The first was to provide computerized load shedding of electrical devices to control power demand rates that have a large affect on the community's electricity bills. The second agreement was with a local power company to change all common area lighting, including site lighting, to more energy efficient fixtures. The time for dollar payback on this investment was less than five years.

case study #3

Radisson Community Association, Inc.

Size: 2,100+ units
Location: Baldwinsville, New York
Board Size: 9 members

Radisson Community Association, Inc., is distinguished among community associations for its strong, steady performance over a 27-year history of continuous community building. With its many corporate properties, Radisson embodies the philosophy of a classic English new town. Preservation of the environment and involvement in social and cultural causes sets Radisson apart from other suburban residences and elevates the community among its peers. Radisson makes a conscious effort to continuously create an evolving sense of community.

Over the years, Radisson has adopted several common-interest property energy conservation measures, and periodically promotes one or more of these residential measures in its newspaper. For example, the outdoor lighting of buildings and grounds are on timers, but many are the mechanical clock type. These devices are affected by power outages and do not compensate for the seasonal variation of sunrise and sunset. In the past two years, Astro-timers have been installed on the larger lighting systems at the parks. These new timers reduce energy consumption and save labor. Lower priority has been given the low wattage lighting systems, but, in time, they will also receive new controllers.

In addition, a variety of other actions have been taken in order to increase the energy efficiency of the community. High-pressure sodium lamps are gradually replacing the mercury vapor and incandescent lamps in the security lights. One set of security lamps is now being controlled by a motion detector at considerable savings. An evening cover for the heated pool was installed to cut down on night-time heat and chlorine loss, and has proven effective in reducing the consumption of both. In addition, air conditioning occurs in only two buildings and the normal separation of heating and cooling thermostat settings are observed. Two pieces of heavy grounds equipment were replaced with the more economical diesel fuel models. Lastly, the community is included in the regional mass transit system and planning and promotes both car pooling and mass transit ridership in the newspaper.

case study #4

Heron's Cove Condominium

Size: 406 units

Location: Montgomery Village, Maryland

Board Size: 5 members

Heron's Cove Condominium is a 406-unit, thirty-two year old condominium association built on a stretch of land consisting of 24 acres. Over the years, the association leaders have taken major steps to conserve both light and heat. In the early 1990s, the association participated in Pepco's energy saving program. Through this program, the lights inside each unit were replaced with energy-saving bulbs. In 1997, the board approved a contract with Derick Associates for retrofitting the common areas—all the stairwells, electric rooms, storage, and trash rooms—with low energy lighting.

With the soaring cost of utilities, the association has taken action to help contain heating costs. Once again, due especially to the age of the property facilities, owners are encouraged to consider window and exterior door replacements. To assist with this effort, management consulted with window and door contactors in order to best advise owners. In late 1999, guidelines and specifications were drafted and are made available to owners as they are ready to pursue replacements.

To further address concerns about high heating costs, in June of 2000, the board contracted with Gardener's General Contractor to replace the door insulation on 70 unit doors. At the same time, the door sweeps were replaced on all 40 three-bedroom units that have exterior doors. It is anticipated that another round of interior unit doors will get new weather stripping in 2002.

case study #5

Mountain Park Home Owners Association

Size: 3,716 units

Location: Lake Oswego, Oregon

Board Size: 7 members

Mountain Park Home Owners Association is situated on 700 acres of land and is located on a dormant volcano known as Mt. Sylvania. Of the 700 acres, the association maintains 185 acres of common land. Some of the common area is maintained in a natural state and a large portion is manicured and beautifully landscaped. Members have access to a host of amenities including a superb recreation center, tennis courts, parks, playgrounds, and 20 miles of walking paths. Mountain Park is a unique community made up of single-family homes, townhouses, condominiums, and apartments.

Mountain Park's recreation center building is roughly 30,000 square feet in size and is over 30 years old. Keeping it in optimum condition is always a challenge. The association recently had an energy audit by a local electric company. Their suggestion was to retrofit almost all of the lighting fixtures in the entire building. By retrofitting the fixtures to more energy efficient lighting, Mountain Park will be able to save close to 100,000 kilowatts per year. Mountain Park is currently working with Portland Gas and Electric to implement a program to retrofit all fixtures. Mountain Park has also lowered the general air temperature in the building and tests the efficiency of its boiler on a regular basis. Currently, Mountain Park is on a waiting list to have an energy audit with the local gas company.

Mountain Park's landscape department has replaced all irrigation spray heads with models that are more efficient. They use bark dust not only for aesthetic reasons, but also to help conserve water. A polymer product is also being used in the association's plantings. Like bark dust, this product absorbs water and releases it as the plants need it. Trials are being performed with turf growth regulators that slow turf growth with the goal of reducing weed eating and mowing, in turn saving labor and fuel costs. Lastly, Mountain Park also includes energy and water saving hints in its monthly newspaper.

Additional Resources

Books available from CAI

A Practical Guide to Energy Management: Enhancing the Bottom Line, by John Klein, Sharon Levin, & Deborah Cloutier, 2005.

Complete Book of Home Inspection, by Norman Becker, P.E., 2011.

Curb Appeal: How Community Associations Maintain Common Areas, by Debra H. Lewin, 2013.

Greening Your Home, by Clayton Bennett, 2008.

Trees, Turf & Shrubs: How Community Associations Maintain Common Areas, by Bette Weisman, 2009.

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

Best Practices Reports *(available at www.cairf.org)*:

Community Harmony & Spirit

Community Security

Energy Efficiency

Financial Operations

Governance

Green Communities

Reserve Studies/Management

Strategic Planning

Transition

About the 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 volunteer leaders, community managers and other professional service providers, legislators, regulators and the media. Our work is made possible by your tax-deductible contributions.

FOUNDATION FOR
COMMUNITY ASSOCIATION
research

Your support is essential to our research. Visit www.cairf.org or e-mail foundation@caionline.org.

About Community Associations Institute (CAI)

Community Associations Institute (CAI) is an international membership organization dedicated to building better communities. With more than 32,000 members, CAI works in partnership with 60 chapters, including a chapter in South Africa, as well as with housing leaders in a number of other countries, including Australia, Canada, the United Arab Emirates and the United Kingdom. CAI provides information, education and resources to the homeowner volunteers who govern communities and the professionals who support them.

CAI members include association board members and other homeowner leaders, community managers, association management firms and other professionals who provide products and services to associations. 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 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, innovations and best practices in community association development, governance and management.

We believe homeowner and condominium 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. Our mission is to inspire professionalism, effective leadership and responsible citizenship—ideals reflected in associations that are preferred places to call home. Visit www.caionline.org or call (888) 224-4321.

community
ASSOCIATIONS INSTITUTE

About the U.S. Department Of Energy

The U.S. Department of Energy (DOE) works to ensure secure, reliable, and affordable energy supplies that support a growing economy and protect the environment. Energy efficiency improvements and tips are easy ways for Americans to preserve the global environment, reduce air pollution, and conserve natural resources for future generations.

To learn more about DOE programs that promote energy efficiency and renewable energy, visit the Office of Energy Efficiency and Renewable Energy's website at *www.eren.doe.gov/*.

DEVELOPING FUNCTION-SPECIFIC BEST PRACTICES in the community association industry has been a goal of Community Associations Institute and the Foundation for Community Association Research for several years. The Foundation has developed best practices in select topic areas using a variety of sources, including, but not limited to, recommendations from industry experts and various industry-related publications. The outcomes of the Best Practices project include:

- Documented criteria for function-specific best practices.
- Case studies of community associations that have demonstrated success in specific areas.
- A showcase on community excellence.

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best practices

Community Associations Institute (CAI) and the Foundation for Community Association Research are dedicated to conducting research and acting as a clearinghouse for information on innovations and best practices in community association creation and management.

What are Best Practices?

The Foundation for Community Association Research is proud to offer function-specific Best Practices Reports in the community association industry. Using a variety of sources including, but not limited to, recommendations from industry experts and various industry-related publications, the Foundation has developed best practices in select topic areas. The outcomes of the Best Practices project include:

- Documented criteria for function-specific best practices
- Case studies of community associations that have demonstrated success
- A showcase of community excellence

The benefits of benchmarking and developing best practices abound—improving quality, setting high performance targets and proving that it's possible to reach them, strengthening cost positions, developing innovative approaches to operating and managing practices, accelerating culture change by making organizations look outward rather than inward, and bringing accountability to those organizations.

The Foundation's entire catalog of Best Practices Reports is available at www.cairf.org as a free download and for sale in print from CAI's bookstore at www.caionline.org/shop.

best practices

Contents

Introduction

Before we discuss ethics for community associations and the professionals and homeowner volunteers who support them, it is important to put forth some common, universally agreed-upon definitions. They can be found in the *Complete Guide to Ethics Management: An Ethics Toolkit for Managers* (© Carter McNamara, MBA, PhD, Authenticity Consulting, LLC).

What Is Ethics?

Simply put, when someone is employing ethics, he or she recognizes what is right and what is wrong and is choosing to do the right thing; however, as a great deal of business ethics literature will attest, "the right thing" is not always straightforward. For example, most ethical dilemmas in the workplace are not simply questions of "Should Bob steal from Jack?" or "Should Jack lie to his boss?"

Philosophers have been debating ethics for at least 2,500 years, since the time of Socrates and Plato. Many ethicists consider today's emerging ethical beliefs to be tomorrow's laws, regulations or rules. Values that guide how we ought to behave are considered moral values—respect, honesty, fairness, responsibility, etc. Statements around how these values are applied are sometimes called moral or ethical principles.

What Is Business Ethics?

The concept has come to mean various things to various people, but, generally, it's coming to know what is right or wrong in the workplace and doing what's right—usually in regard to products and services and to relationships with stakeholders. In times of fundamental change, values that were once followed inherently are now strongly questioned or no longer followed. Consequently, there is no clear moral compass to guide leaders through complex workplace dilemmas. Attention to ethics in the workplace sensitizes leaders and staff to how they should act. Perhaps most important, in times of crises and confusion, attention to business ethics helps ensure that when leaders and managers are struggling, they can retain a strong moral compass. However, applying business ethics offers numerous other benefits, as well (see page 6).

As young children, many of us learned The Golden Rule: treat others as you would like to be treated. This universal ethical standard has been found in historical and religious writings in every culture. The challenge in business comes with the acknowledgment that the stakes are often high—we are competitive and we want to win. So, the questions we must ask ourselves are:
• How do we want to be treated?
• Do we have the will to follow The Golden Rule?

This publication offers guidance on how to create and implement tools and policies to ensure that ethical behavior is clearly defined and that consistent practices are employed in your workplace.

Developing a Code of Ethics for Your Organization

Process for Developing a Code of Ethics

How do you develop a corporate code of ethics? There are four steps:

1. Developing a Value Statement
2. Drafting the Code of Ethics
3. Reviewing and Adopting the Code of Ethics
4. Communicating and Training

To create the most comprehensive and complete policy, your development team should include all levels of the organization, as the proposed code of ethics will ultimately be reviewed by all staffers (and the board of directors, where applicable) as well as the institution's attorney.

Here are some key factors to consider when developing a corporate code of ethics.

- **Your values should adhere to relevant laws and regulations.** This ensures that your organization is not in danger of breaking any of them.

- **Review which values produce the top three or four traits of a highly ethical and successful product or service in your area.** For example, for accountants those traits would be objectivity, confidentiality, accuracy, etc.

- **Identify values needed to address current issues in your workplace.** Appoint one or two people to interview key staff in order to gather descriptions of major issues in the workplace. Collect descriptions of behaviors that produce the issues. Consider which of these issues is ethical in nature—e.g., those related to respect, fairness, and honesty. Identify the behaviors needed to resolve these issues and which values would generate those preferred behaviors. Included here may be values that some people would not deem as moral or ethical—e.g., team building and promptness—but for managers, these practical values may add more relevance and utility to a code of ethics.

- **Identify any values needed based on findings during strategic planning.** Review information from your SWOT (strengths, weaknesses, opportunities and threats) analysis. What behaviors are needed to build on strengths, shore up weaknesses, take advantage of opportunities and guard against threats?

- **Consider any top ethical values that might be prized by stakeholders.** For example, consider expectations of employees, clients/customers, suppliers, funders, members of the local community, etc.

- **Collect from the above steps the top five to ten ethical values that are high priorities in your organization.** Examples might include:
  1. Trustworthiness: honesty, integrity, promise-keeping, loyalty
  2. Respect: autonomy, privacy, dignity, courtesy, tolerance, acceptance
  3. Responsibility: accountability, pursuit of excellence
  4. Caring: compassion, consideration, giving, sharing, kindness, loving
  5. Justice and fairness: procedural fairness, impartiality, consistency, equity, equality, due process
  6. Civic virtue and citizenship: law-abiding, community service, protection of environment
  These are also known as the "Six Pillars of Character," developed by The Josephson Institute of Ethics.

- **Compose your code of ethics; attempt to associate at least two examples of behaviors that reflect each value.** Critics of codes of ethics assert that they seem vacuous because many only list ethical values and don't clarify these values by associating examples of behaviors.

- **Include wording to indicate that all employees are expected to conform to the values stated in the code of ethics, and specify where employees can go if they have any questions about the code.** Obtain review from as many key members of the organization as possible. Announce and distribute the new code of ethics (unless you are waiting to announce it along with any new codes of conduct and associated policies and procedures). Ensure that each employee has a copy and post the document in appropriate public places throughout the facility.

- **Update the code at least once a year.** Almost more important than the code itself is its rolling development: continued dialogue and reflection around ethical values produce ethical sensitivity and consensus. Therefore, revisit your codes at least once a year—and include a general review of important provisions two or three times a year.

- **Note that you cannot include values and preferred behaviors for every possible ethical dilemma that might arise.** Your goal is to focus on the top ethical values needed in your organization and to avoid potential ethical dilemmas that seem mostly likely to occur.

Depending on your particular role—community manager, board member or CEO of a management company or business partner—the process you undertake for reviewing, drafting, adopting and communicating a code of ethics will differ slightly. Here are some general guidelines for each role.

Board Members

The code of ethics for a board should be developed as a collaborative effort with all board members and the community manager. Once this group has agreed upon the general content, the board's counsel should review it prior to its adoption.

When associations conduct their annual board elections, this code should be provided to candidates so they understand what is expected of board members.

The full board, including any new members, should review and discuss the code of ethics annually; ideally, each board member signs a commitment to adhere to the code. This could be done as part of the annual board member orientation.

Throughout the year, the board should also receive reminders of their obligations to abide by the code of ethics.

Management Company CEO

The code of ethics for your company should embrace the culture and philosophy you desire. Consideration should also be given to the various codes required when certified by CAI as a manager (CMCA, AMS, PCAM, LSM) and management company (AAMC).

Typically, a code of ethics for a company will become part of the employee handbook. Each employee should be asked to sign the acknowledgment page in the handbook upon employment; however, communication should not stop here.

Employees should be reminded of the code of ethics at staff meetings throughout the year and—most important—in advance of the holiday season, when gift giving by vendors is commonplace.

CEOs should also advise their boards and key business partners of the company's code. Before a company adopts a code of ethics it should consult with an employment attorney to be sure that the code does not create any employment issues for the company.

Community Manager Employed by Association

In cases where the community manager and other employees are employed directly by the association, the process and education are the same as that of a management company CEO.

SECTION 2

Managing Ethics in the Workplace

Codes of ethical conduct need to be active policy documents, developed and nurtured by all staff and personnel, in order to create an ethical culture within an organization. For a code to have true meaning and full buy-in, it cannot be a set of rules or guidelines handed down from above: everyone within the organization—not just senior management—must be a part of the implementation process.

Implementing a code of ethics in the workplace should be accomplished by a collaborative group, with each member having his or her own responsibilities. Here are some of the key staff roles:

CEO: If your CEO isn't fully behind the creation and continued promotion of your ethics policy, then your employees will know it. The CEO should be the champion of your ethics program. In most organizations, he or she will announce the program and back its development. Most important, he or she needs to lead from a clear understanding of what the company has determined is ethical behavior.

An ethics committee, composed of a wide range of staffers, reviews and promotes the quality and usefulness of the workplace code—not their own personal codes of behavior. This committee promotes ethics policies and determines if an ethics issue or violation needs to be addressed. A clear understanding of the importance of this group needs to be made by the CEO or leader.

An ethics administrator: Some organizations actually appoint an ethics administrator who can be used as a sounding board or a resource for staffers to determine whether an ethics violation has taken place. This person may or may not be part of your human resource staff but should have a working knowledge of your personnel manual and code of conduct.

Ethics officer: This position is held by a trained employee within your organization, and his or her role is to take on ethics violations. It is important for this officer to have hands-on contact with the various departments within your organization.

Ombudsman: This person is considered an impartial intermediary in regard to a violation, and employees can go to him or her with any concerns or questions they may have on ethical issues. Typically, this person is not in a supervisory position.

An ongoing role of your ethics committee is it to promote the code of conduct within your organization. Some possible promotional strategies are listed below.

- Attach a copy of the code of conduct to new hires' offer letters so that new employees are familiar with the code from the very first day.

- Distribute newsletters and discuss ethical issues at every employee meeting.

- Prepare posters that present ethical dilemmas that employees may find themselves in—and what to do if this happens.

- Ensure that contractors and business partners are aware of your policies as well. Active engagement with them should help deter such potential issues as gratuities and gifts for awarding of contracts.

- Give your staff practical examples of the type of behaviors you are seeking to avoid. Continually encourage positive behavior and practices to ensure that all employees are aware of company policies.

Ten Benefits of Managing Ethics in the Workplace

Many people are aware of the moral benefits of business ethics, but there are other benefits as well. The following list from Carter McNamara's *Complete Guide to Ethics Management: An Ethics Toolkit for Managers* describes various types of benefits that come from managing ethics in the workplace.

1. **Attention to business ethics has substantially improved society.** Only decades ago, children in our country worked 16-hour days, and disabled workers were condemned to poverty and often starvation. Trusts controlled some markets to the extent that prices were fixed and small businesses choked out. Employees were unfairly terminated for frivolous and unjust reasons, and influence was applied through intimidation and harassment. Then society reacted and demanded that businesses place high value on fairness and equal rights. Anti-trust laws were instituted. Government agencies were established. Unions were organized, and employment laws and regulations were established.

2. **Ethics programs help maintain a moral course in turbulent times.** Business ethics are critical during times of fundamental change—times much like those faced now by businesses, both non- and for-profit. During such times, there is often no clear moral compass to guide leaders about what is right and wrong. Continued attention to workplace ethics increases awareness for leaders and staff on how they should act—consistently.

3. **Ethics programs cultivate strong teamwork and productivity.** Ethics programs align employee behaviors with those top-priority ethical values preferred by the organization's leaders. Usually, an organization finds surprising disparity between its preferred values and the values actually reflected by behaviors in the workplace. Ongoing attention and dialogue about values in the workplace build openness, integrity, and community—critical ingredients of strong teams. Employees feel durable alignment between their values and those of the organization and react with better motivation and performance.

4. **Ethics programs support employee growth and meaning.** Attention to workplace ethics helps employees deal with situations—both good and bad—in the organization and in their private lives. Employees can better deal with whatever comes their way.

5. **Ethics programs are a type of insurance policy—they help ensure that policies are legal.** An increasing number of lawsuits pertain to personnel matters and to the effects an organization's services or products have on stakeholders. As mentioned earlier, ethical principles often predate legal decisions: the principles are often applied to current, major ethical issues that later become legislation. A workplace that pays attention to ethics ensures that it has highly ethical policies and procedures, and it's far better to ensure ethical practices now than to incur costs of litigation later. A major intent of well-designed personnel policies is to ensure ethical treatment of employees—for example, in matters of hiring, evaluating, disciplining

and firing. Drake and Drake note that "an employer can be subject to suit for breach of contract for failure to comply with any promise it made, so the gap between stated corporate culture and actual practice has significant legal, as well as ethical, implications" (*California Management Review*, V16, pp. 107–123).

6. **Ethics programs help avoid criminal acts "of omission" and can lower fines.** Ethics programs tend to detect ethical issues and violations early on so they can be reported or addressed. In some cases, if an organization is aware of an actual or potential violation and does not report it to the appropriate authorities, then this inaction can be considered a criminal act—e.g., in business dealings with certain government agencies, such as the Department of Defense. The Federal Sentencing Guidelines specify major penalties for various types of ethics violations; however, the guidelines potentially lower fines if an organization has clearly made an effort to operate ethically.

7. **Ethics programs help manage values associated with quality management, strategic planning and diversity management—a benefit that deserves far more attention.** Ethics programs identify preferred values and ensure that organizational behaviors are aligned with those values. This effort includes recording the values, developing policies and procedures to align behaviors with preferred values and then training all personnel about the policies and procedures. This overall effort is very useful for several other programs in the workplace that require behaviors to be aligned with values, including quality management, strategic planning and diversity management. Total quality management places high priority on certain operating values, e.g., trust among stakeholders, performance, reliability, measurement and feedback. Eastman and Polaroid use ethics tools in their quality programs to ensure integrity in their relationships with stakeholders. Ethics management techniques are highly useful for managing strategic values—e.g., expanding market share and reducing costs. McDonnell Douglas integrates their ethics programs into their strategic planning process. Ethics management programs are also useful in managing diversity. Diversity is about much more than appearance: it's about acknowledging different values and perspectives. Diversity programs require recognizing and applying diverse values and perspectives—these activities are the basis of a sound ethics management program.

8. **Ethics programs promote a strong public image.** Admittedly, managing ethics should not be done primarily for reasons of public relations. But, frankly, the fact that an organization regularly gives attention to its ethics sends a strong positive message to the public. People see those organizations as valuing people more than profit, as striving to operate with the utmost of integrity and honor. Aligning behavior with values is critical to effective marketing and public relations programs. Consider how Johnson and Johnson handled the Tylenol crisis versus how Exxon handled the oil spill in Alaska. Bob Dunn, president and CEO of San Francisco–based Business for Social Responsibility, puts it best: "Ethical values, consistently applied, are the cornerstones in building a commercially successful and socially responsible business."

9. **Ethics programs have overall benefits to the company.** Donaldson and Davis explain in "Business Ethics? Yes, But What Can It Do for the Bottom Line?" (*Management Decision*, V28, N6, 1990) that managing ethical values in the workplace legitimizes

managerial actions, strengthens the coherence and balance of the organization's culture, improves trust in relationships between individuals and groups, supports greater consistency in standards and qualities of products and cultivates greater sensitivity to the impact of the enterprise's values and messages.

10. **Formal attention to ethics in the workplace is simply the right thing to do.** If your organization is quite large—if it includes several large programs or departments—then you may want to develop an overall corporate code of ethics and then a separate code to guide each of your programs or departments. Also note that codes should not be developed out of the human resource or legal departments alone, as is too often done. Codes are insufficient if intended only to ensure that policies are legal. All staff must see the ethics program being driven by top management. Codes of ethics and codes of conduct may be the same in some organizations, depending on the organization's culture and operations, and on the ultimate level of specificity in the code(s).

Enforcement Process and Protocol

Regrettably, too many organizations find themselves scrambling when an actual ethical issue surfaces. An ethics program is often established as a result of an ethical action or incident that has occurred. An organization creates an ethical environment by establishing policies and practices that ensure all employees are treated ethically and then enforcing those policies. With some pre-planning, your organization can establish a process that can cover many of the situations faced daily by your business. The process below details how to file an ethics complaint and offers some general guidelines.

How to File a Complaint

Alleged ethics violations should be filed on a prepared form that is distributed from your HR office or is included in your employee handbook. This form should include the committee or group to whom the ethics violation form will be addressed. The handbook or form should clearly state how long the employee has to file the complaint (normally, one to 90 days after the violation occurred). Complaints filed after much time has passed are often harder to substantiate, as critical information is lost over time.

The primary things the ethical form should have are:

- Complainant's name, position, home address, phone number, and e-mail address
- Name and position of the person who allegedly violated the rule or acted unethically
- A specific outline of the alleged ethical violations
- Any evidence, including statements by others or facts that corroborate the specific statement or complaint made
- The complainant's signature

Evidence: What Constitutes a Violation?

Once the ethical violation is received, the committee appointed to review the violation must determine whether there is a violation of the code of conduct. The committee should acknowledge receipt of the ethics violation and then create a timeline as to how long the preliminary inquiry will take.

The committee should review the complaint with the following in mind:

- Is the violation within the scope of the code of ethics agreed upon by your organization, or is this violation simply bad judgment?

- The committee may do a preliminary inquiry of the evidence. If sufficient evidence is present, then they may proceed on to a full investigation.

- If the evidence does not substantiate a full investigation or does not fall within the code of conduct, the complainant should be notified of the inquiry within 30 days of the outcome of the inquiry. This should be done in writing and should outline the findings of the committee (i.e., why they do not believe this is an ethical violation).

Ideally, three to five people (depending on the size of your organization) should serve as your ethics committee responsible for determining whether the complaint is a true violation, and, if so, then completing the full investigation.

If a full investigation is indicated, a time should be set aside when the committee can hear from not only the complainant but also the accused. Based on the evidence and the accounts from both sides, the committee can then determine their findings. Again, the complainant and the alleged violator should receive something in writing regarding the committee's decision. Care should be taken to keep all pertinent information and the final decision confidential.

Example #1:

Mary Roberts goes to her supervisor regarding the work of a coworker, Greg Thomas. Greg uses his company laptop to complete his work, but Mary has seen Greg use that laptop for a course he is taking at night. Mary states that this is against company policy. Upon investigation, the ethics committee reviews the violation and finds that although Greg's conduct is not in keeping with company policy, it is not an ethics violation. The committee recommends a disciplinary write-up of Greg even though no ethical violation was found. In the end, both Mary and Greg receive a copy of the ethics complaint and are given an update by the committee in writing.

Example #2:

Tom Richards, a management company executive, needs to grow his business in order to get his bonus each year. He sees that Jake Brown, a manager with another local company, has been successful in bringing in all types of new business for a competing company. Tom offers Jake a salary far exceeding that of his current company as well as additional vacation days and a four-day workweek. Another executive in Tom's company files a complaint stating that Tom's incentives to Jake constitute an ethical violation. The committee reviews the company policy and the incentives, and finds that an ethics violation has been committed. The committee's findings are written up and forwarded on to the owner of Tom's company.

Overall, fairness is a key consideration in ethics violations. If the violation has been treated with fairness and consistency, then all employees will likely respect the decisions made by your committee.

CAI's Ethical Framework

Over the years, Community Associations Institute (CAI) has adopted codes of ethics for its professional and volunteer members. They are included here as the example of the standards that are formally in place today for the community association industry.

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. Ensure 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 CAI.

Professional Reserve Specialist (RS) Code of Ethics

Revised July 1999

The Reserve Specialist Shall:

1. Comply with current standards or practices as may be established from time to time by CAI and the Reserve Specialist (RS) Designation Review Board.

2. Not make any inaccurate or misleading representations or statements to a prospective client.

3. Undertake only those engagements the Reserve Specialist can reasonably expect to perform with professional competence.

4. Exercise due care and exhibit adequate planning and supervision.

5. Disclose in writing to the client any actual, potential or perceived conflict of interest if the client may have dealings with another party in some way related to the Reserve Specialist.

6. Not knowingly misrepresent facts to benefit the Reserve Specialist.

7. Conduct himself or herself in accordance with the Reserve Specialist requirements.

8. Not hold himself or herself out to anyone as being a Reserve Specialist designee until such time as he or she receives written confirmation from the Reserve Specialist Designation Review Board or CAI of receipt of the designation.

9. Abide by the redesignation policy of CAI.

Compliance with the Professional Reserve Specialist (RS) Code of Ethics is further amplified in the Code Clarification Document provided by CAI.

Reserve Specialist (RS) Code Clarification Document

Authority
The Code derives its authority from Community Associations Institute (CAI). CAI's Board of Trustees and the Reserve Specialist Review Board have established a minimum standard of professional ethical performance for those individuals who receive the Reserve Specialist (RS) designations from CAI.

Those individuals or entities who have received the professional Reserve Specialist designation (RS) from CAI are subject to this Code.

Definitions
The Code shall apply in any Reserve Specialist-client relationship where the RS receives some form of compensation for professional services offered or provided to the client.

Because the Code is designed to establish a standard of conduct for the Reserve Specialist, it is equally applicable to individuals and firms. An individual who agrees to abide by this Code shall also be responsible to see that any other person or firm under his/her supervision shall comply with the Code.

Amplification
The following information and examples are provided by CAI to further explain some of the tenets of the Code of Ethics and correspond to the numbered paragraphs in the Code of Ethics:

1. Current standards or practices are those numbered 1 through 8 in the Code. Reserve Specialists who practice in states with legislative requirements for their profession must comply with those laws.

2. Inaccurate or misleading representations are oral or written statements made with knowledge of their falsity.

3. Undertake only those engagements the RS can reasonably perform is the essential key here. The Reserve Specialist should not undertake engagements that he or she cannot perform in the required time frame and with professional competence.

4. Adequate planning and supervision. The Reserve Specialist must plan his or her own work and adequately supervise his or her employees' work so that the work is performed with professional competence.

5. Disclosure of any possible conflict of interest is essential. Disclosure must be in writing and sufficiently in advance of the selection process to allow full consideration of the possible conflicts and any alternatives. The fact that the client may still choose the Reserve Specialist's related entity is not a violation of the Code, provided ample disclosure was given.

Future
The Board of Trustees and the Reserve Specialist Designation Review Board may expand application of this Code and reserves the right to update or amend both the Reserve Specialist Code of Ethics and the Code Clarification Document. Any such revision,

updating, or amendment shall be promptly promulgated to Reserve Specialist members and, after due notice, will apply to all members subject to the Code.

Disciplinary Action

After an internal investigation and hearing as provided in CAI's Ethics Enforcement Procedures Policy, a Reserve Specialist found to be in violation of this Code shall face a sanction in accordance with the enforcement policies adopted by the CAI Board of Trustees. The extent of such sanction shall be commensurate with the nature, severity, and intent of the violation. In a situation where a firm, principal(s), or supervisory staff are involved, sanctions may be imposed on more than one individual or the firm itself.

Please answer the following questions.

Have you ever been convicted of fraud, misrepresentation, and/or misappropriation of funds or property? If yes, attach a detailed explanation. ☐ Yes ☐ No

Have you ever been subject to disciplinary action by any professional organization? If yes, attach a detailed explanation. ☐ Yes ☐ No

Signature

By signing below, I agree to abide by the CAI Professional Reserve Specialist Code of Ethics and to be subject to disciplinary action as adopted by the Board of Trustees.

_____   _____
Printed Name   Signature

_____
Firm Name (if employed by a firm or as a principal or supervisory staff member)

_____   _____
Printed Name   Signature of an Officer of That Firm

Acknowledged before me on this day:

_____   _____
Notary Signature   Notary Commission Expiration Date

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Community Insurance & Risk Management Specialist (CIRMS)
Code of Ethics

December 2002

The Community Insurance & Risk Management Specialist Shall:

1. Comply with current standards or practices as may be established from time to time by CAI.

2. Not make any inaccurate or misleading representations or statements to a prospective client.

3. Undertake only those engagements the Community Insurance and Risk Management Specialist can reasonably expect to perform with professional competence.

4. Exercise due care and exhibit adequate planning and supervision.

5. Strive to establish and maintain dignified and honorable relationships with those whom they serve, with fellow practitioners, and with members of other professions.

6. Obey all laws and regulations, and avoid any conduct or activity which would cause unjust harm to others.

7. Conduct himself or herself in accordance with the Community Insurance and Risk Management requirements.

8. Not hold himself or herself out to anyone as being a Community Insurance & Risk Management Specialist designee until such time as he or she receives written confirmation from CAI of receipt of the designation.

9. Abide by the redesignation policy of CAI.

10. Assist in improving the public understanding of Insurance and Risk Management.

Compliance with the Community Insurance & Risk Management Specialist (CIRMS) Code of Ethics is further amplified in the Code Clarification Document provided by CAI.

CIRMS Code Clarification Document

Authority
The Code derives its authority from Community Associations Institute (CAI). CAI's Board of Trustees has established a minimum standard of professional ethical performance for those individuals who receive the Community Insurance & Risk Management Specialist (CIRMS) designation from CAI.

Those individuals who have received the Community Insurance & Risk Management Specialist (CIRMS) from CAI are subject to this Code.

Definitions
The Code shall apply in any client relationship where the CIRMS receives some form of compensation for professional services offered or provided to the client.

Because the Code is designed to establish a standard of conduct for the Community Insurance & Risk Management Specialist, it is equally applicable to individuals and firms. An individual who agrees to abide by this Code shall also be responsible to see that any other person or firm under his or her supervision shall comply with the Code.

Future
The Board of Trustees may expand application of this Code and reserves the right to update or amend both the Code of Ethics and the Code Clarification Document. Any such revision, updating, or amendment shall be promptly promulgated to Community Insurance & Risk Management Specialist (CIRMS) members and, after due notice, will apply to all members subject to the Code.

Disciplinary Action
After an internal investigation and hearing as provided in CAI's Ethics Enforcement Procedures Policy, a Community Insurance & Risk Management Specialist (CIRMS) found to be in violation of this Code shall face a sanction in accordance with the enforcement policies adopted by the CAI Board of Trustees. The extent of such sanction shall be commensurate with the nature, severity, and intent of the violation. In a situation where a firm, principal(s), or supervisory staff are involved, sanctions may be imposed on more than one individual or the firm itself.

Code of Ethics Enforcement Procedures for Community Associations Institute's Designation Ethics Committee

Adopted by Board of Trustees 5/6/95
Revisions Approved by Board of Trustees 10/24/13

A. Scope

These Procedures apply to alleged violations of the published PROFESSIONAL MANAGER CODE OF ETHICS ("Code") of Community Associations Institute ("CAI"). Individuals who have achieved AMS, LSM, and/or PCAM designations, and Management Companies with the AAMC accreditation, are subject to the Code.

Each AMS, LSM, or PCAM professional manager member is personally responsible for his or her actions and any disciplinary actions arising from a complaint or eventual sanctions shall be against the individual and not against any association or firm.

Each AAMC member is responsible for the actions and omissions of its employees, and any complaint or eventual sanctions shall be imposed against the company and may also be imposed against responsible individuals at the company as well. For purposes of these Procedures, the term "Designee" shall apply to an AMS, LSM, PCAM, and AAMC member.

It should be emphasized that actions taken under these Procedures do not constitute enforcement of law, although referral to appropriate federal, state, or local government agencies may be made about the conduct of Designees in appropriate situations. Individuals initially bringing complaints are not entitled to any relief or damages by virtue of this process, although they will receive notice of the actions taken. In addition, commercial disputes among private parties are not appropriate matters for review under these Procedures; only the ethical conduct of Designees is proper subject matter for review under these Procedures.

B. Ethics Committee Organization

1. The Designation Ethics Committee shall be comprised of at least 15 members and a maximum of 25 members and shall report to the Board of Trustees of CAI ("Board"). The term of each Committee member shall be for three years and the terms of the members shall be staggered. Committee members' terms shall run concurrently with the terms of the Trustees and Officers of CAI. All appointments shall be made by the President of CAI, subject to approval by the Board.

2. Of the total members of the Designation Ethics Committee, at least six members shall be PCAM designees, one shall be an RS designee, and one shall be a CIRMS designee.

   Current Officers of CAI may not serve concurrently as a member of the Designation Ethics Committee. For purposes of this section, CAI Officer means a person currently serving in the position of President, President- Elect, Secretary, Treasurer, or other CAI Board of Trustees officer position.

3. Members of the Committee may be re-appointed to successive terms without limitation. In the event a member resigns or is unable to serve, the then current

President of CAI shall appoint a replacement Committee member for the balance of the unexpired term, subject to approval by the Board.

4. The President of CAI shall designate the Chairperson (the "Chairperson") and the Vice-Chairperson (the "Vice-Chairperson") of the Designation Ethics Committee. The Chairperson and the Vice-Chairperson shall serve one-year terms in such capacity and may be re-appointed to successive terms without limitation. The Vice-Chairperson shall perform all the duties of the Chairperson at any time that the Chairperson is unable to do so.

5. The Chairperson shall appoint three or more Designation Ethics Committee Members to one or more Review Panels, which shall have the task of conducting an Inquiry as to the merits of a Complaint and making a recommendation of actions to be taken under these Procedures to the Designation Ethics Committee Chair. The Chairperson shall appoint a Chair of each Review Panel established. The Review Panel members shall serve for such terms as determined by the Chairperson.

6. The Chairperson shall appoint a Hearing Panel, as follows: the Hearing Panel shall be composed of the Chairperson and/or Vice-Chairperson of the Designation Ethics Committee and at least four other individuals who are not on the Review Committee and who do not have a conflict of interest with the Complainant or the Designee that is the subject of the Complaint ("Subject Designee"). One member shall be a non-Trustee attorney who is a member of the College of Community Association Lawyers, one member will be from the APCM Board, one member will be from the Business Partners Council, and the remaining member shall be either a former Chair of the APCM Board, a Past President of CAI, or a current or former member of the Designation Ethics Committee. The Hearing Panel members shall serve for such terms as determined by the Chairperson.

7. Complaints involving an AAMC member or those AMS, LSM, or PCAM members affiliated with an AAMC member shall follow these additional guidelines:

   a. The Subject Designee may include the firm as well as the PCAM member responsible for the AAMC member's management program and other Designees;

   b. The AAMC member is responsible for the ethical behavior of all employees, including any AMS, LSM, or PCAM designees under its direction. The AAMC member is subject to sanctions for violations of any of its affiliated staff members;

   c. The person responsible for the AAMC member's management program ("Supervising PCAM member") will be advised of any complaint regarding the AAMC or any affiliated Designees;

   d. To the extent possible, the review and inquiry under these Procedures shall be conducted simultaneously in situations where the AAMC member and one or more of its affiliated Designees are involved;

   e. Any determination will recognize and be in accordance with established legal principles of responsibility and liability with respect to agency law and the employer/employee relationship; and

f. Resulting sanctions, if any, may vary against those involved based upon degree of violation and responsibility.

C. Allegations

1. Any person (the "Complainant"), including a Designation Ethics Committee Member, may initiate a complaint regarding alleged violations of the Code by submitting to CAI's Chief Executive Officer or his designee a written complaint (the "Complaint") signed by the Complainant. The Complaint shall be submitted on the approved Ethics Complaint Form and shall include information specifying:

    a. The identity of the Subject Designee who is alleged to have violated the Code, along with a narrative summary of the circumstances and events leading to the alleged violation, and reference to the section(s) of the Code alleged to have been violated;

    b. Evidence (which may include written documentation, corroborating statements by other persons, or specific information as to persons who may be contacted to provide such corroboration) supporting the allegation(s);

    c. Complainant's name, address, e-mail address, and telephone number; and

    d. If the Complaint is filed by a community association, the Board of Directors of that association must attach an approved and witnessed Resolution indicating a majority of the Board members approve the filing of the Complaint.

    A Complaint also may be self-initiated by the Chairperson on behalf of the Committee based on any information, such as a news source or anonymous complaint.

2. If the Complaint submitted is not in compliance with the Procedures as outlined under section 1(a)-(d) above, CAI's Chief Executive Officer or his designee may return the Complaint with instructions on compliance with CAI Procedures. All Complaints conforming to the filing requirements shall be promptly forwarded by CAI's Chief Executive Officer or his designee to the Chairperson. If the Complaint originates in the market area of the Chairperson, the Chairperson has a personal or professional relationship with any of the parties named in the Complaint, or the Chairperson is in any way associated with any individual named in the Complaint, CAI's Chief Executive Officer shall forward the Complaint to the Vice-Chairperson, and the Vice-Chairperson shall perform the functions of Chairperson for that Complaint. Should the Vice Chairperson have any of the same conflicts as the Chairperson, the Complaint will then be forwarded to another Committee Member, selected on a basis of seniority, until a member does not have a conflict. The Chief Executive Officer shall also advise the Chairperson of all designations held by the Subject Designee and all dates such designations were received.

3. Upon receipt of the Complaint, the Chairperson shall review the Complaint and make an initial determination whether the Complaint, on its face, raises an actual question of ethics under the Code within 30 days of receipt of the complaint from staff.

a. If, in the determination of the Chairperson, there is a legitimate question of ethics in the Complaint, the Chairperson shall delegate to the Review Panel the authority to make such inquiries and preliminary investigations as to the matters covered by or related to the Complaint as they deem appropriate ("Inquiry"). Allegations of incidents occurring before the Subject Designee received his or her designation(s) will not be considered further by the Designations Ethics Committee.

b. If the Complaint, on its face, does not state a claim that is actionable under the Code, or otherwise contains unreliable or insufficient information, or is patently frivolous or inconsequential, the Chairperson may dismiss such Complaint, with written notice to the Complainant from the Chief Executive Officer.

4. For each matter that the Chairperson determines requires an Inquiry, the Chairperson shall ensure that the Chief Executive Officer or his designee promptly provides written notice to the Subject Designee of the identity of the complaining party, the nature of the Complaint specifying the provisions of the Code that are alleged to have been violated (with a copy of these Procedures and the Code), the potential sanctions, and stating that the Subject Designee shall have the opportunity to respond to the Chairperson regarding the Complaint within 30 days of receipt of the notice. The Chairperson also shall ensure that the Complainant receives written notice that the Complaint is being reviewed.

D. Inquiry

The following shall govern any Inquiry by the Review Panel:
1. The Review Panel shall have the task of conducting an Inquiry as to the merits of the Complaint and making a recommendation to the Hearing Panel as to whether a violation of the Code has occurred and any recommended sanction. The Chairperson of the Designation Ethics Committee may be consulted but shall not actively participate in the Inquiry conducted by the Review Panel.

2. Since the nature and seriousness of each alleged violation of the Code will vary, the Review Panel shall use its best judgment regarding the degree of investigation required. The Review Panel shall review the response of the Subject Designee and may seek further information or interview the Subject Designee. The Inquiry also may include such actions as:

a. Telephone conversations with individuals involved;

b. Requests for written or published materials; and

c. Visits to the locations(s) involved.

3. The CAI Chief Executive Officer, his or her designee, and/or CAI legal counsel may consult with the Review Panel with respect to any questions as to compliance with these Procedures or applicable legal principles.

4. Within 60 days from the receipt of the response from the Subject Designee, the Review Panel shall issue a written report to the Chairperson with a copy to the CAI

Chief Executive Officer. This report shall explain the background and investigative steps of the Inquiry, the findings of the Review Panel with respect to particular sections of the Code considered to be violated and the sanctions recommended, if any, and the basis for the recommendation, and shall include all related documents, correspondence, and other materials obtained and considered during the investigation. Included in this report must be one of the following recommendations:

a. No hearing is needed;

b. No hearing is needed but a Letter of Warning as defined below should be sent;

c. The matter should be suspended pending the outcome of an active criminal or civil investigation; or

d. A hearing should be conducted and the recommendations of the Review Panel considered by the Hearing Panel.

5. Within 15 days after his or her receipt of such report, the Chairperson shall ensure that written notice is given to the Subject Designee providing a copy of the report and recommendation of the Review Panel and indicating that:

a. The Complaint has been dismissed;

b. A Letter of Warning is recommended, which indicates that there was or there is the potential for impropriety which does or could border on a violation of the Code; or

c. There will be a hearing on the Complaint, with the date and time of the hearing that will be conducted by telephone or video conference specified, and including another copy of the Procedures and advising the Subject Designee that he or she has the opportunity to provide additional written information to be considered by the Hearing Panel in response to the report by the Review Panel.

E. Designation Ethics Hearing

1. Unless the Chairperson decides otherwise, a single hearing will be conducted regarding the same or similar complaints even if they are against more than one Designee affiliated with an AAMC member and the AAMC member.

2. A majority of the Hearing Panel, including the Chairperson or Vice-Chairperson, shall qualify as a quorum with a majority vote of those present necessary to reach any decision.

3. The agenda for the Hearing shall be established by the Chairperson in accordance with the following outline:

a. Report of the Review Panel, which may be presented by the Chair or another member of the Review Panel.

b. Response of the Subject Designee(s).

c. Questions from the Hearing Panel.

Hearing Panel members are able to question or seek additional clarification during each of these steps, in the presence of the Subject Designee. The rules of evidence and other legal requirements of trials or similar proceedings are not applicable. It is not expected that legal counsel will represent the Subject Designee during the Hearing, but may be granted permission to be in attendance to assist the Subject Designee in presenting his or her response.

4. Immediately following the hearing, the Hearing Panel shall convene in executive session to reach a decision. The Chief Executive Officer, designated CAI staff member, and CAI's legal counsel may attend the executive session in a non-voting capacity.

    The Review Panel member(s) and the Subject Designee shall not be present during the deliberations and voting. These individuals may be called back to answer questions during deliberations.

    The Hearing Panel shall reach one of these two decisions:

    a. Dismiss the Complaint, in which event there is no further action within CAI; or

    b. Determine the Subject Designee has committed a violation of one or more of the sections of the Code and is subject to sanctions as determined by the Hearing Panel in its discretion.

    The Hearing Panel shall issue a written report of its determination, which report shall include the findings and determination of the Panel with respect to particular sections of the Code considered to be violated and the sanctions imposed, if any, and the basis for the recommendation.

F. Sanctions

If the Hearing Panel determines a Subject Designee has violated one or more provisions of the Code of Ethics and a sanction is warranted, the following sanctions are available:

1. **Admonishment**
    The Hearing Panel can instruct the CAI Chief Executive Officer to issue a letter to the Subject Designee admonishing his or her actions and warning of the consequences of subsequent violations. Admonishments are issued when the hearing panel finds that violations occurred, but were not the result of deliberate action and the accused would benefit from the opportunity to apply the admonishment to growing their professionalism. A letter of Admonishment shall be kept confidential and shall be placed in the designee's file.

2. **Censure**
    The Hearing Panel can instruct the CAI Chief Executive Officer to issue a letter of censure to the Subject Designee. Censures are distinguishable from admonishments in that the hearing panel has concluded that the violation is of a nature that in addition to corrective action a public notice and reprimand of the breach of the code is warranted. All censures will be public in nature.

3. **Suspension**

    The Hearing Panel can instruct the CAI Chief Executive Officer to take action to suspend the CAI designation of the Subject Designee for a certain period of time.

4. **Revocation**

    This sanction is reserved for the most serious of offenses. The Hearing Panel can instruct the CAI Chief Executive Officer to revoke the CAI designation of the Subject Designee. Revocation is permanent and not subject to reinstatement.

    The Hearing Panel, upon rendering its decision on the appropriate sanction, shall forward its recommendation to CAI's Board of Trustees for approval. Once acted upon by CAI's Board of Trustees, the decision of the Hearing Panel, as approved or modified by the Board, shall be final and written notice of any such action shall be given to the Subject Designee, which action shall be public as determined by the Hearing Panel except for a private admonishment. Notice to the Subject Designee shall also include notification of the right of the Subject Designee to appeal the determination of the Hearing Panel in writing within 30 days of receipt of the notice. The CAI Chief Executive Officer shall also notify the Complainant of any action and the nature of the action, as well as such other organizations, entities, or state agencies as determined by the Hearing Panel, but in each case only after the time for an appeal has expired and no appeal has been made.

5. **Publication:**

    a. An announcement of a censure, suspension, revocation, or other sanction considered severe by the Designation Ethics Committee shall be published in those national and/or chapter periodicals defined by the appropriate designating committee.

    b. The announcement shall include the name(s) of the Designee(s), the types of sanction(s), and the section(s) of the Code which were determined to have been violated.

G. Appeal

1. Within 30 days from receipt of notice of a determination by the Hearing Panel that the Subject Designee has violated the Code, the Subject Designee may submit to the Chairperson in writing a request for an appeal. The grounds for the appeal must be stated by the Subject Designee in the request for appeal in accordance with the limited basis for appeal as referenced below in Section 3. The President of CAI shall appoint an Appeal Panel consisting of at least three, but not more than five, members of the Board, with one member of the Appeal Panel appointed as Chair. The Appeal Panel shall review and make recommendations to the Board on actions, if any, to take on an appeal. The Appeal Panel may review one or more appeals, upon request of the President. No current members of the Designation Ethics Committee, the Review Panel, or Hearing Panel may serve on the Appeal Panel; further, no one with any personal involvement or conflict of interest may serve on the Appeal Panel.

2. Upon receipt of notice of an appeal from the Subject Designee, the CAI Chief Executive Officer, or his or her designee, working with the Chair of the Appeal Panel, shall provide written notice to the Subject Designee of the Appeal with a summary of the process as provided in these Procedures. The Subject Designee may submit further information to the Appeal Panel in support of the request for appeal.

3. The Appeal Panel may only review whether the determination by the Hearing Panel of a violation of the Code was inappropriate because of: (1) material errors of fact, or (2) failure of the Review Panel or Hearing Panel to conform to published criteria, policies, or procedures. Only facts and conditions up to and including the time of the Hearing Panel's determination shall be considered during an appeal. The appeal shall be considered during a meeting of the Appeal Panel, which may be by telephone or video conference, but does not include a hearing or any similar trial-type proceeding. The Subject Designee may request to present his or her case to the Appeal Panel by telephone or video conference, with approval of such request at the discretion of the Chair of the Appeal Panel. Legal counsel for the Subject Designee is not expected to participate in the appeal process, unless requested by the Subject Designee and approved by the Chair of the Appeal Panel. The President of CAI and the Appeal Panel may consult with the CAI Chief Executive Officer, his or her designee, or CAI legal counsel at any time.

4. The Appeal Panel conducts and completes the appeal within 60 days after receipt of the request for an appeal. The Appeal Panel shall make a recommendation to CAI's Board of Trustees that affirms, modifies, or overrules the determination of the Hearing Panel, including any sanction. The decision of the Appeal Panel, including a statement of the reasons for the recommendation, is reported in writing by the CAI Chief Executive Officer to the Subject Designee and the Chairperson of the Designation Ethics Committee (who shall notify members of the Committee, Review Panel, and Hearing Panel as appropriate). The recommendation of the Appeal Panel, as acted upon by CAI's Board, is final and may not be appealed or reconsidered. The CAI Chief Executive Officer shall also notify the Complainant and any other persons, organizations, or entities in accordance with these Procedures.

H. Special Situations

1. **State or Regulatory Body Revocation**
   If any state or regulatory body requiring a certificate, license, permit, or other type of credential to act as a community association manager or management company revokes such credential of an AMS designee, LSM designee, PCAM designee, and/or AAMC accredited company for cause, then such member's designations shall also be revoked by CAI automatically, subject to written communication to such Designee requesting a showing of good cause why such revocation should not occur. Based on information provided by a state or other regulatory agency, as well as information submitted by the Designee, the Chairperson of the Designation Ethics Committee shall have the discretion to decide if the Designee's designation(s) shall be revoked or whether the matter should be reviewed in accordance with these Procedures.

2. **Invalid Application Information**
    The awarding of an AMS, LSM, or PCAM designation or re-designation or AAMC accreditation or re-accreditation is dependent upon truthful and non-misleading application information and affirmations made by the applicant and subsequent Designee.

    CAI reserves the right to take disciplinary action at any time if determined under these Procedures that the application or affirmation contains substantive information that is incorrect, invalid, misleading, or fraudulent. All communications and other relevant information regarding the cause for such disciplinary action shall remain in the Designee's file for relevant follow-up should the Designee reapply after a suspension period.

3. **Failure to Properly Re-designate**
    There are requirements for each Designee to retain his or her designation. Proof of meeting those requirements is requested of the Designee on a scheduled basis. The Designee has an obligation to be aware of those re-designation requirements and to provide the information requested by CAI to demonstrate compliance.

    After reasonable attempts are made to obtain information from the designee, CAI reserves the right to revoke the designation for failure to meet current re-designation requirements.

4. **Non-Payment of AMS, LSM, PCAM, or AAMC Fees**
    In the event a Designee has not made timely payments of AMS, LSM, PCAM, or AAMC fees after reasonable notices and attempts to contact the designee, the designation shall be suspended.

5. **Conviction of a Felony**
    If a Designee (or the PCAM designee responsible for an AAMC member) is convicted of a felony or enters a "no contest" or "guilty" plea regarding any felony, the designation shall be revoked immediately by the CAI Chief Executive Officer in consultation with the Chair of the Designation Ethics Committee. The revocation shall be subject to written communication to such Designee requesting a showing of good cause why such revocation should not occur. Notwithstanding such revocation, CAI's Chief Executive Officer and the Designation Ethics Committee shall have the discretion to decide if the revocation should be reviewed in accordance with these Procedures. Notice of such action shall be provided to the Designee, the Designation Ethics Committee, and the local CAI Chapter President.

6. **Failure to Cooperate**
    If a Designee (or the PCAM responsible for an AAMC member) fails to cooperate by not providing or withholding requested documents, destroying documents, or refusing to answer questions or cooperate with the investigation or inquiry, the Chairperson, after consultation with CAI's Legal Counsel and Chief Executive Officer, may recommend suspending the designation(s) immediately until such time as the requested information is provided or a final decision is reached. Should the Designee's actions of withholding information or documents impede or

obstruct the investigative process, thereby prohibiting the appropriate investigative body from accomplishing its task, CAI shall have the right and privilege to revoke the designations in accordance with Section F.4., above.

I. Use of Designation(s)

No individual or company that has had a designation suspended or revoked or has resigned, regardless of cause, may use the designation in any fashion during the term of the suspension or revocation. CAI is committed to taking whatever action is required, including legal action, should this provision be violated.

J. Reinstatement Provisions

1. An individual or company ("Former Designee") who has had a designation suspended may apply to CAI for reinstatement, subject to these Procedures. The Former Designee understands that CAI gives no assurance of reinstatement by accepting a request.

2. The CAI Designation Ethics Committee or a Review Panel will review and recommend to CAI's Board of Trustees approval or rejection of a reinstatement request, taking into consideration these factors:

   a. The original cause(s), facts, and circumstances surrounding the decision to suspend the designation;

   b. The Former Designee's current situation; and

   c. How the Former Designee has addressed the original reason(s) for suspension of designation.

3. No reinstatement request will be considered unless the Former Designee meets all current reinstatement qualifications as outlined in the relevant designation (i.e. AMS, PCAM) reinstatement application and has met continuing education standards during the suspension period as if no loss of designation had occurred.

   CAI National Staff has no obligation to issue reminders regarding reinstatement requirements or time limits. Each Former Designee shall have received a copy of these Procedures and, therefore, is appropriately advised.

K. Application of Procedures

1. A Designee is subject to the Code of Ethics Procedures in effect when the Complaint is received.

2. A Former Designee is subject to the reinstatement provisions in effect when a request for reinstatement is received.

3. CAI reserves the right to amend these Procedures as it determines is appropriate.

4. Should a court determine that one or more of these Procedures are unenforceable, the rest of the Procedures remain in force.

L. Confidentiality

All investigations and deliberations under these Procedures are conducted in confidence, with all written communications sealed and marked "Personal and Confidential," and they are conducted objectively, without any indication of prejudgment. The rules of evidence and other legal requirements of trials or similar proceedings are not applicable.

Only the following persons should be advised of a Complaint, Inquiry, Hearing, or Appeal:

- The Chairperson, Vice-Chairperson, and members of the Designation Ethics Committee;
- The Review Panel;
- The Hearing Panel;
- The Appeal Panel;
- The Subject Designee(s);
- Others who may have to be contacted as part of the investigation; and
- The Chief Executive Officer of CAI, CAI's Legal Counsel, and such CAI national staff members as are determined by the Chief Executive Officer of CAI to be essential in order to carry out the purposes of these Procedures.

The Complainant's identity shall remain confidential until such time that the complaint is considered subject to ethical review under these procedures.

All persons involved in the conduct of an Inquiry also shall exercise their best efforts not to reveal the identity of the Complainant, unless it is determined by the Chairperson as important to the review of any particular Complaint or Inquiry, and to maintain integrity, impartiality, and confidentiality of the process.

Model Code of Ethics for Community Association Board Members

The following Model Code of Ethics for Community Association Board Members is not meant to address every potential ethical dilemma; it is offered as a basic framework that can be modified and adopted by any common-interest community. It was approved by the CAI Board of Trustees on January 29, 2009.

Board members should:

- Strive at all times to serve the best interests of the association as a whole, regardless of their personal interests.
- Use sound judgment to make the best possible business decisions for the association, taking into consideration all available information, circumstances, and resources.
- Act within the boundaries of their authority as defined by law and the governing documents of the association.
- Provide opportunities for residents to comment on decisions facing the association.
- Perform their duties without bias for or against any individual or group of owners or non-owner residents.
- Disclose personal or professional relationships with any company or individual who has or is seeking to have a business relationship with the association.
- Conduct open, fair and well-publicized elections.
- 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:

- Reveal confidential information provided by contractors or share information with those bidding for association contracts, unless specifically authorized by the board.
- Make unauthorized promises to a contractor or bidder.
- Advocate or support any action or activity that violates a law or regulatory requirement.
- Use their positions or decision-making authority for personal gain or to seek advantage over another owner or non-owner resident.
- Spend unauthorized association funds for their own personal use or benefit.
- Accept any gifts—directly or indirectly—from owners, residents, contractors or suppliers.
- Misrepresent known facts in any issue involving association business.
- Divulge personal information about any association owner, resident or employee that was obtained in the performance of board duties.
- Make personal attacks on colleagues, staff or residents.
- Harass, threaten or attempt through any means to control or instill fear in any board member, owner, resident, employee or contractor.
- 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.

Unethical Conduct

Where Can Unethical Conduct Occur?

How well a code of conduct is complied with depends primarily on employees' and members' understanding of it. The secondary source of enforcement is by peers or team members and, ultimately, by a disciplinary proceeding for those who fail to comply with the code.

Prevention is the best defense against an ethics complaint or allegation of misconduct. Prevention can come through a number of ways:

- Subordinates How supervisors treat employees
- Coworkers How peers and teams interact
- Business partners Limits on employee gifts and events
- Customers Board guidelines for employees

Consultants are also a big part of the ethics process. The management or board–consultant relationship can be one of the greatest sources of ethical issues in the association industry. Violation of your code of conduct with vendors and business partners may come as:

- Demonstrating unethical behavior with your board or employees—exerting undue influence with a chairperson or key board member.
- Offering gifts, gratuities or preferred services from vendors for obtaining new contacts or service.
- Participating in major social events or events where a great deal of cost is involved and allowing the vendors to pay for that expense.

Most of your vendors and business partners have your best interests at heart; however, conflicts and mixed messages often arise from miscommunication. Communicating your code of ethics is the key!

When an employee or team member is not sure whether he or she is facing an ethical dilemma, have them consider the following questions:

- Which option will do the most good and produce the least harm?
- Which option best respects the rights of all members and stakeholders?
- Which decision or option treats everyone in the company EQUALLY?
- Which option serves the whole community and not just some of the employees or members?

Ethical Decision Making

Ultimately, the supervisor or head of the company should lead his or her employees through the ethical process. As with any organization, regardless of size, the faster you respond, the easier the corrective action can be.

Be sure to:

- Recognize the ethical issue
- Get the facts
- Evaluate alternative action
- Make the decision on the ethical issue
- Act on the decision

Case Studies: Ethical Dilemmas

Below are some examples of actual ethical violations that have occurred in the community association industry and that were investigated by the CAI Designations Ethics Committee. The names of the individuals and entities have been changed for these examples.

case study #1

Cooper Management

Mary Ann Johnson, a former employee of Cooper Management, was accused of unethical behavior.

Problems Identified

- Improper use of assets: Cooper Management alleges that Johnson used points earned from the association credit card for her personal vacation.

- Fraud: In addition, she purchased personal items on the association's debit card—specifically, she ordered some patio furniture for her home when the association was ordering furniture for the common-area pool, to obtain a better price. Johnson reimbursed the funds to the association upon receipt of the furniture.

- Petty Cash: Further, she received funds from petty cash, which she used for her own personal use.

- Professional Development: Johnson was also accused of not reimbursing Cooper Management for the advances she received for her professional and membership expenses.

The evidence reviewed included copies of the receipts for items purchased and the debit card statement identifying the specific transactions. Cooper Management had in place a code of ethical conduct for employees, which detailed the use of management company equipment, acceptance of gifts and items received as gratuities from clients, check signing by manager, and a policy on the use of the client debit cards by their managers.

Conclusion

The question in this case is, was Johnson violating ethics or just using poor judgment? Let's review.

- In terms of using points earned via the association's credit card for her personal vacation, Johnson was most likely in violation of an ethical standard. The points earned on the association credit card or the value of those points did not belong to Johnson—they should have been the asset of the association. In this case, the management company did have a policy on the use of credit cards belonging to the association and should have included any perks the card may have offered and listed the fact that they belonged to the association. In the case of the patio furniture purchase, Johnson combined her furniture order with the association's to reduce the cost for her own pool furniture. She paid for her portion of the furniture and did not use association funds. This act showed poor judgment; however,

there was no violation of an ethical principle in the Cooper Management policy. (Because this can be a temptation for managers, it is recommended that you include some type of wording on this subject in the company policy.)

- In terms of using petty cash, Johnson was using funds that did not belong to her; they were the property of the association. In this scenario, we do not know whether the funds were reimbursed to petty cash. It could be called poor judgment if she simply borrowed funds and then reimbursed them, or it could be a question of theft if the funds were used and not returned.

- With regard to the reimbursement to Cooper Management of the membership and professional fees, there was no verbiage included in the company handbook or policy. (This is another example of an item that should be included in your handbook for all employees to review.)

case study #2

Village Oaks Master Planned Community

At issue in this example is whether an action constitutes a performance problem or an ethics violation. And if the latter, did the new manager have an obligation to report his or her predecessor? (Both are PCAMs.)

A new manager (PCAM) finds some problems with the books and records of the Village Oaks Master Planned Community Association, where he is now employed by the board. Another PCAM held the job immediately prior for approximately five years. Before that time, an independent professional management company was in charge of the large-scale community, which has on-site management and is still under development and control by the original developer.

Problems Identified

- Audit: The association never engaged a CPA to provide an audit, even though the declaration specifically states that the association shall make available to the membership an audit by June 30 of each year.

- Annual meeting: No minutes from prior annual meetings existed. Some notices were found, and some staff had attended the meetings.

- Board meetings: Board meetings were not being held in compliance with the governing documents.

- Decisions of the board: There was virtually no documentation on decisions made since the third-party management company maintained corporate records.

- Contracts: The association did not have copies of the current contracts for most contractors, including major contracts. No evidence existed that contracts had ever been bid.

- Corporate files: These were found in disorganized piles or boxes. Different associations (separate corporations) within a project had no distinct differentiation in files.

- Owner files: These files had missing approved or disapproved modification requests.

- Budget: No formal budget had been documented or adopted. The last budget found was for three years prior and was incomplete.

- Personnel: No personnel files were in place, pay practices were inconsistent with laws, hourly employee timesheets were completed in advance of the end of pay periods and no personnel policies had been documented.

- Committees: Some had their own bank accounts (using the association's employer identification number, or EIN), and there was no reporting or information to the board or membership.

- Financial: Bank accounts had not been reconciled, no current or accurate financial reports were available and the chart of accounts did not make sense.

- Miscellaneous: Work was being performed or services were being provided for non-association business or responsibilities (for the developer, utility company, golf course, etc., because all were part of same community).

Conclusion

This case provides examples of both performance issues and potential ethics violations. The ethics violations, if they existed, come from the PCAM Code of Ethics: "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."

As outlined in this case, there were several violations of the requirements in the declaration as well as some violation of laws (personnel related). One could argue that the violations of the requirements in the declaration were not the manager's fault because the board is ultimately responsible for the declaration; however, the PCAM Code of Ethics specifically states that PCAMs shall comply with current bylaws, etc.

In summary, this is a very good example of thoroughly evaluating the claims before stating and acting as if there has been an ethics violation.

case study #3

Oakridge Office Condominiums

Oakridge Office Condominiums, based in Washington, DC, alleges that Jake Jones, PCAM (their former manager), is guilty of unethical behavior.

Problems Identified

- Reserve transfer: Jones withdrew more than $50,000 from the association's reserves account without the board of directors' approval. (These funds were deposited into the association's operating account.)

- Collection of special assessments: Jones did not collect the shortfall in delinquent special assessments as required by management contract. These funds were necessary to pay for $155,000 in common area repairs.

- Additional services: Jones charged a fee of 10% for oversight of work his firm did.

- Filing taxes: Jones did not file appropriate corporate taxes in accordance with the management agreement, so the corporate tax status of the association had been forfeited.

Evidence provided to substantiate this case included:

- Bank account statement and signature card

- Management agreement

- Special assessment—contract warranties

- Tax authority communication

Response to Allegations

In his defense Mr. Jones provided a response to each allegation.

- **Withdrew more than $50,000 from the association's reserves account without the board of director's approval.** Jones states that the management contract indicates that the board would assign a liaison to communicate with him. Jones indicated that the board president was that liaison and that the president did sign the contract for repairs. Jones advised the president in writing that there were insufficient funds in the operating account to make the down payment to contractor. Jones states that the board asked counsel whether this expenditure should be paid by loan or by reserves.

- **Did not collect the shortfall in special assessments to pay for the $155,000 in repairs as required by management contract**. Jones responds that the special assessment amounts were not paid by association members as a lump sum but rather as 12 monthly payments. As such, the contractor was to receive a 50% deposit due mid-October, but only approximately $26,000 would have been paid by association members by the end of

October. There were not enough funds in the operating account to pay the deposit.

- **Jones charged a fee of 10% for oversight of work his firm did.** Jones provides that his management contract allows for this fee.

- **Did not file appropriate corporate taxes in accordance with the management agreement, so the corporate tax status of the association had been forfeited.** Jones acknowledges that the board hired a new CPA firm midyear. He provided a letter from that firm indicating that he acknowledged that this was a "miscommunication" and easily corrected.

Conclusion

- The source documents, such as minutes, board policies or resolutions did not contain language to prohibit the manager from accessing reserve accounts. If it is the board's intention to limit access, it should include these restrictions in the management agreement or in a documented board decision. This did not constitute an ethical violation, however; Jones is cautioned that in the future, he should remove reserve funds only after receiving appropriate board documentation in writing. In this instance, both parties are encouraged to use written documents to clarify actions and responsibilities.

- Similar to the first allegation, there are no supporting documents to define how the board expected the manager to collect special assessments.

- Although the board was surprised by the additional charges, a supervision fee of 10% is allowed under the management contract.

- In the case of the corporate taxes, the management contract—"Scope of Work," section 10b—indicates that Jones will prepare "corporate personal property tax." This is an oversight in the execution of the terms of the contract but may not be willful misconduct in performance of duties. This is a good example of the importance of understanding the scope of services identified in the management document. Failure to fulfill the agreements can be considered an ethical violation.

case study #4

Green Management—Maggie Clark

At issue in this example is whether a former employee for one management company, now employed by another management company, has violated ethical standards.

Maggie Clark was previously employed by Green Management; however she is now employed by ABC Management. Green Management alleges that she has violated ethical standards by soliciting board members of associations who have contracts with Green Management and contacting a Green Management employee.

Problems Identified

- Solicitation: Clark sent solicitation letters to specific board members whose associations have signed contracts with her prior employer, Green Management.

- Recruiting: Clark contacted a current Green Management employee about a new position with ABC Management.

- Proprietary information: Clark used employee and customer information she had access to while employed with Green Management.

Specific allegations against Clark included:

- Failed to comply with current bylaws, standards and practices established by CAI.

- Failed to conduct herself in a professional manner (at all times) when acting in the scope of her employment.

- Used the propriety work product of Green Management without their expressed written permission.

Documents supporting the allegations against Clark included:

- State Uniform Trade Secrets Act

- Letter to two board members one year after leaving Green Management

- E-mail from former board member to current board member discussing transmittal and introduction letter

Conclusion

After reviewing the information provided, there were not enough facts or actions taken by Clark that supported a direct violation of the Code of Ethics.

When a decision is made to pursue a violation of a Code of Ethics it is imperative that the allegations tie directly back to the provisions of the Code and the evidence supports the claim(s). In this scenario there was an expectation that the reviewing body would come to the same conclusions Green Management had; however, Green did not present sufficient information to support their claims.

Had Clark sent letters directly to her former board members and solicited them, or had she used knowledge of competitive pricing, the outcome of this ethics violation might have been very different. Additionally, she should exercise caution in using proprietary information such as contacts or bidding forms developed with her previous management company and/or board to avoid ethics violations with her current employer.

SECTION 5
Best Practices Ethics Survey*

In February 2013, the Foundation for Community Association Research invited management firm CEOs and large-scale managers to participate in a survey about how a code of ethics is used in their operations. Among total respondents, 51% were management company CEOs, 44% were large-scale managers, and 5% were "other."

I am a
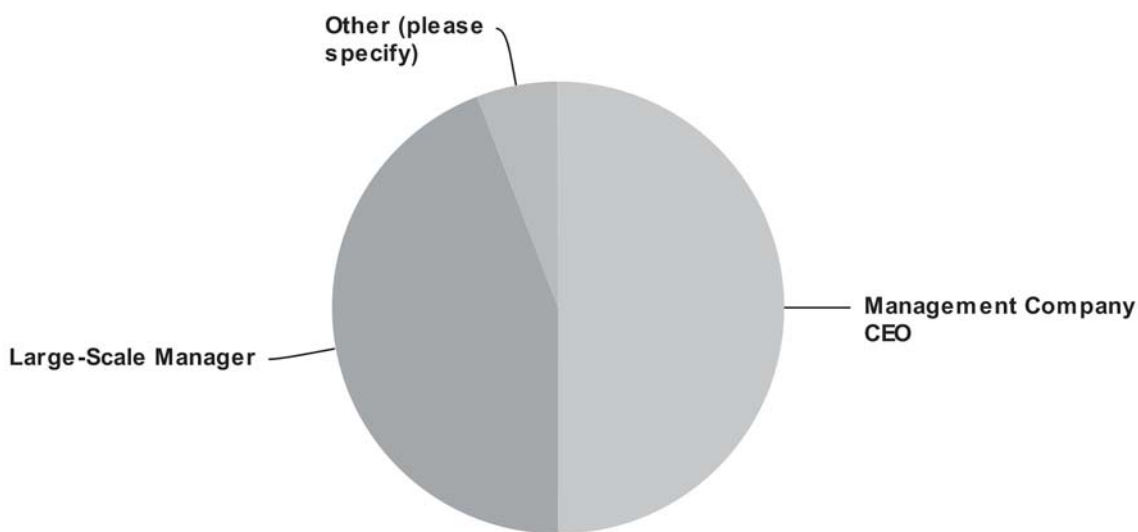
Among survey respondents, 76% held their AMS or PCAM designation and 24% did not.

Are you an AMS and/or PCAM?
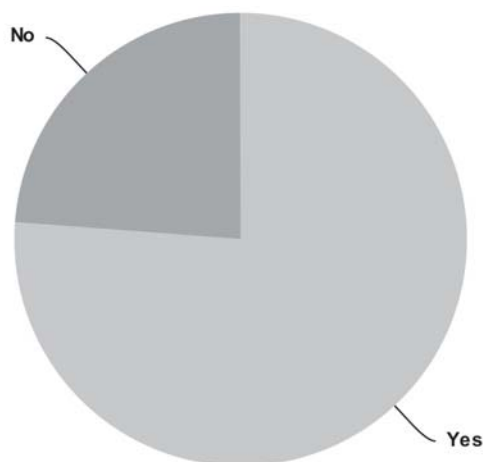
*For complete survey results, please visit www.cairf.org/ethics_poll.pdf

Similarly, 78% said they did have a code of ethics for their organization and 21% indicated they did not.

Do you have a code of ethics for your organization?
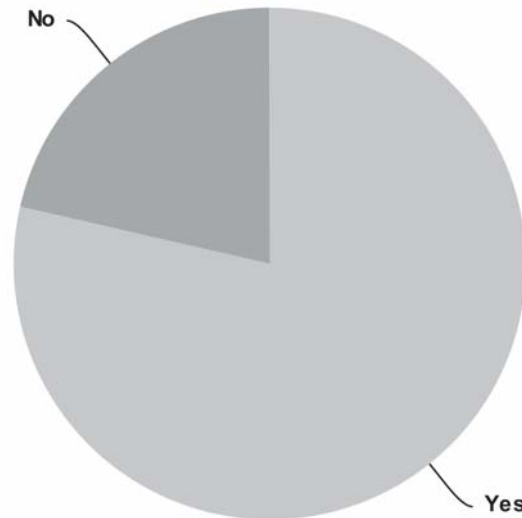
Of those who did operate with an adopted code of ethics, the group was split: about 50% use the CAI code of ethics for professional managers and the other 50% use a code developed by the company or another organization.

The code of ethics we use is
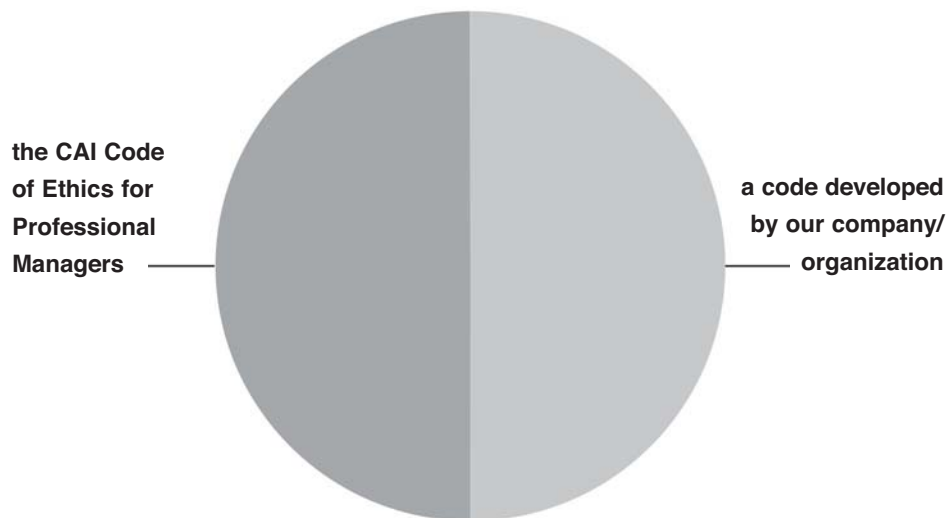
The next area we addressed was how these executives used the code of ethics in different areas: 75% said they use the code of ethics when they do a new employee orientation.

Do you use a code of ethics in your new employee orientation?
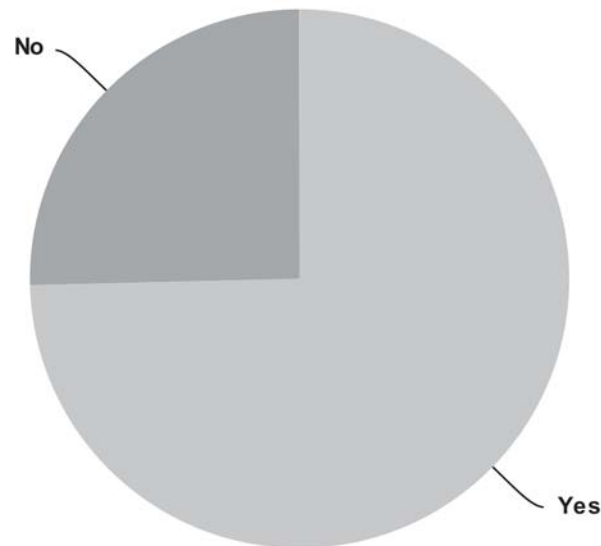
It is interesting to note that more than half of respondents did not review the code of ethics with their management staff on any regular schedule, and they only reviewed the code of ethics with their administrative or accounting teams as needed.

As you would expect, the large-scale managers primarily focused on the ethical behavior of the volunteer board members for their community association; on the other hand, management company CEOs generally had a policy in place that focused on the behavior of their employees.

In all instances, the most popular areas covered by the code of ethics were professional performance requirements, gifts from vendors or business partners and the confidentiality of company or community information.

Which of the following are covered by your code of ethics procedure?
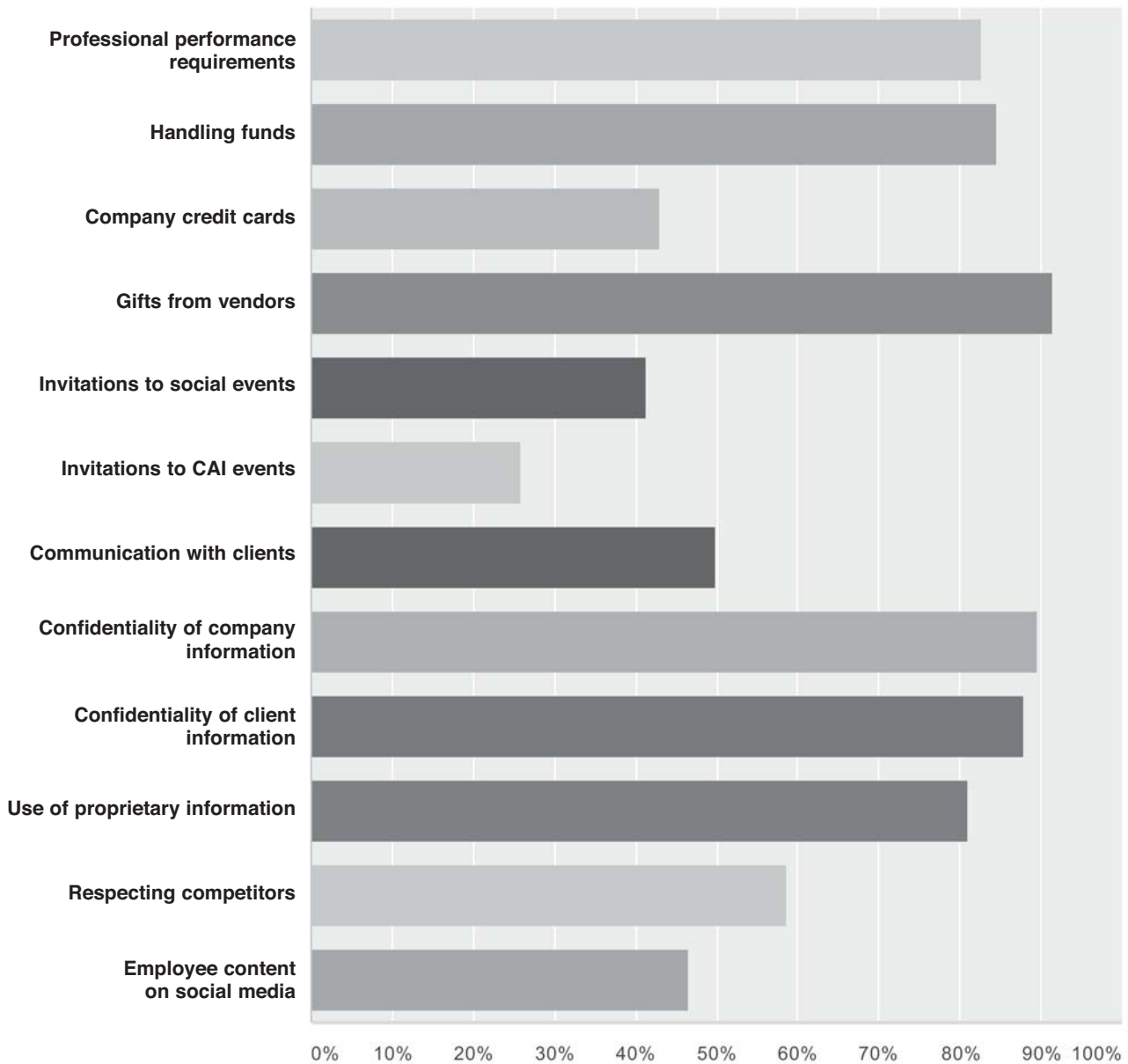
The group overwhelmingly agreed that having a code of ethics was important, and many of the organizations had an established procedure or protocol for how to report or address potential ethical violations.

Do you have a protocol to address potential/reported conflicts of interest?
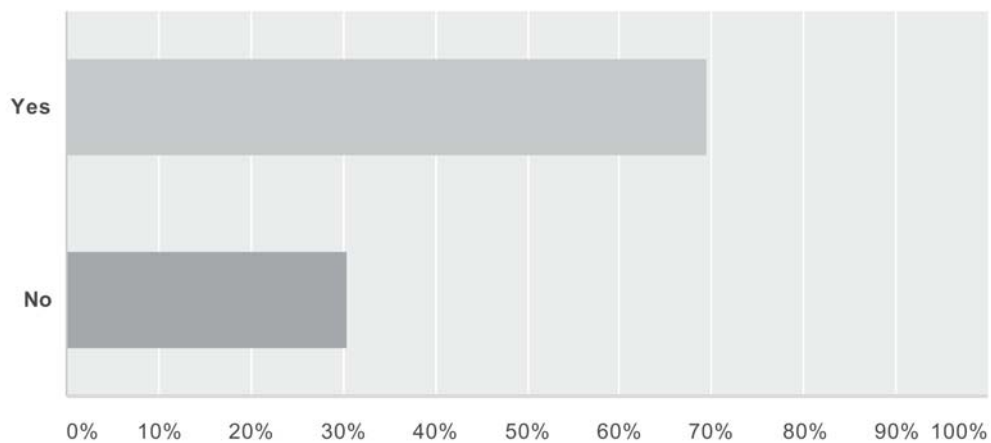
More than half of the respondents indicated they did conduct some ethics education for their volunteer leaders.

Do you provide any ethics education for volunteer leaders?
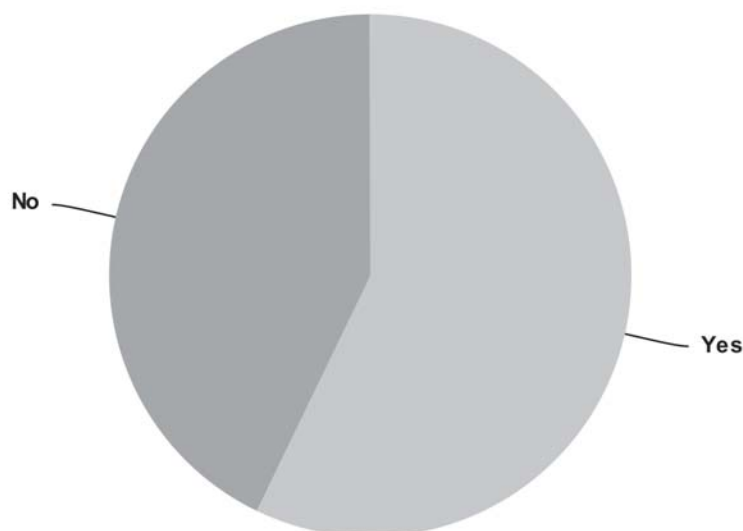
You can see by reviewing the specific survey results that while we have made great strides in ethics education, improvement is still needed and additional attention to ethics would benefit the industry.

The complete survey results can be reviewed at www.cairf.org/ethics_poll.pdf.

Best Practices—Solutions

The following best practices are specific examples of how associations or management companies have addressed ethics.

Ewa by Gentry Policy Resolution: Code of Ethics

Ewa by Gentry (Ewa), Hawaii

Ewa's Code of Ethics is addressed in two separate and distinct documents: (1) board and committee members, and (2) the employee manual. The board document is filed as a resolution, and every new director is asked to sign it. The resolution is provided below as an example.

The employee manual is signed by every employee when hired and then as changes are made. The document contains a standard of conduct section that lists behaviors as separate line items.

Several things led Ewa to develop the resolution and standard of conduct:

1. A board member was micromanaging a department employee who subsequently quit and filed a hostile environment claim against the community.

2. The developer's representative on the board was paying certain employees to help after hours, creating salary issues with other community employees.

3. Other board members were approaching board representatives for personal agenda support.

4. As the community became larger, the board realized that behaving and governing like a small community was no longer working, and it implemented changes that strengthened it as an advisory board with a CEO.

5. The bylaws did not specify that directors were required to sign a code of ethics.

EWA BY GENTRY COMMUNITY ASSOCIATION
POLICY RESOLUTION NO. 10
CODE OF PROFESSIONAL ETHICS AND RESPONSIBILITIES FOR BOARD AND COMMITIEE MEMBERS

WHEREAS, Article III, Section 13 of the Bylaws of Ewa by Gentry Community Association provides that the Board of Directors shall have all powers and duties necessary for the administration of the affairs of the Association; and

WHEREAS, the Board of Directors deems it necessary and appropriate to establish a Code of Professional Ethics which sets forth certain rules of conduct for use by the Board of Directors and Association Committees in carrying out their duties and responsibilities consistent with the governing documents and committee charters; and

WHEREAS, it is the intent that this policy resolution shall be applicable to Board and Committee operations until such time as it is amended or rescinded by a majority vote of the Board of Directors;

NOW, THEREFORE BE IT RESOLVED THAT the EWA BY GENTRY COMMUNITY ASSOCIATION does hereby establish and adopt the Code of Professional Ethics as follows:

I. GENERAL STANDARDS

A. Representation

1. Directors and committee members shall represent the interests of the entire community in exercising his/her duties. All decisions made on behalf of the Association must be made with the best interests of the Association in mind.

2. Directors and committee members may not misrepresent facts in order to achieve any measure of personal gain, or gain for any other person or special interest group.

3. Directors and committee members may not represent the Board or committee they serve in written or verbal communications with members or other entities unless authorized by an affirmative vote of the majority of the Board or committee.

4. Directors and committee members may make no promise or representation of anything not approved by a majority of the Board of Directors to any person, contractor, subcontractor or supplier.

5. Directors and committee members may never exercise authority as a Board member or committee member except when acting in a Board or committee meeting or as delegated by the Board or its President.

B. Due Professional Care

1. Directors and committee members must exercise due professional care in the performance of duties.

2. Directors and committee members must observe the business judgment rule by exercising the same degree of care and skill as normally used by others in a similar position and business.

3. Directors and committee members shall undertake only those responsibilities and assignments that they can reasonably expect to perform with competence.

4. Directors and committee members must endeavor to familiarize themselves with Association business, have a working knowledge of the governing documents and rules and regulations, and regularly attend scheduled meetings. Members shall participate by voting on issues before the board or committee.

5. Directors and committee members agree to abide by all published rules and regulations of the Association and are responsible for setting a standard and a tone for behavior that is in the best interest of the Association.

6. Directors and committee members will not divulge confidential matters relating to attorney/client privilege.

7. Directors and committee members will not interfere with a contractor implementing a contract in progress. All communications with contractors will go through management or be in accordance with policy.

8. Directors and committee members will not interfere with the system of management established by the Board, to wit that day-to day supervision of the General Manager is performed by the Community Manager, the General Manager supervises all employees.

9. Directors and committee members will respect and maintain the confidentiality of a property owner's file and the personnel records of any employee.

C. Professional Courtesy

1. Board and committee members will exhibit professional courtesy to all Association members and community association management professionals, and shall not engage in any writing, publishing, or speech making that defames any other member of the Board, committees, staff or resident of the community.

2. Board and committee members shall not interfere or supervise association or management company employees, unless a contract exists with a management company that authorizes such actions.

3. Board and committee members may not interfere with contractual relationships between community management professionals and contractors.

4. Board and committee members will protect the confidentiality of the personal information of other Board members, committee members, residents, employees and management professionals.

D. Use of Association Funds

1. No director or committee member may use or encumber Association funds or property for their personal use or benefit.

2. Directors and committee members may be reimbursed for expenses incurred on behalf of the Association provided the expenses are approved by the Board of Directors in advance, and receipts are submitted by the party seeking reimbursement.

II. CONDUCT AT MEETINGS
A. Communication

1. The language used at Association and committee meetings will be considerate and professional at all times. Personal attacks or use of profanity is prohibited.

2. Board and committee members will respect and support the majority decisions of the Board and committees.

3. Approach all Board and committee issues with an open mind, and be prepared to make the best decisions for the community.

4. Do nothing to violate the trust of those who elected or appointed members to the Board or of those we serve.

B. Rules of Order

1. Board and committee members will follow parliamentary procedure as appropriate for a small body or organization.

C. Attendance

1. Any member of the Board of Directors or committee who has three (3) consecutive unexcused meeting absences shall automatically resign their position on the Board or committee.

III. CONFLICTS OF INTEREST

A. General

1. Directors or committee members must not allow any outside influence to interfere with exercising their duties in the best interest of the Association.

2. Any director or committee member that may have a potential conflict of interest with regard to a business transaction must disclose, in writing, the potential conflict to the other directors or committee members.

3. Any director or committee member that has an actual conflict of interest with regard to a business transaction must disclose, in writing, the conflict to the other directors or committee members and abstain from voting on the issue or exerting any influence on the other voting members of the Board or committee.

B. Related Entities

1. Any engagement of a company or individual that is related to any Board or committee member, or any relative of a Board or committee member, must be properly disclosed prior to any such engagement. The disclosure shall be in writing and the related member shall abstain from voting on issues affecting the company or individual.

2. A Board or committee member who is also engaged in the practice of another profession shall not provide these other professional services to the Association while serving as a Board or committee member if the performance of such services is likely to result in a potential or actual conflict of interest.

IV. GIFTS AND CONTRIBUTIONS

A. Gifts

1. It shall be the policy of the Association to discourage the acceptance by directors and committee members of gifts, entertainment, or other favors from existing or prospective clients, vendors, or suppliers.

2. Gifts of nominal value (worth less than $150.00) given as a token of friendship or upon special occasions such as a holiday are acceptable.

3. Cash gifts of any amount are not acceptable.

4. Any gift intended to influence a decision by a board or committee member, or to create an atmosphere of indebtedness toward the bearer is not acceptable.

B. Contributions

1. The Association will not make any contributions to any political parties or political candidates.

V. UNLAWFUL ACTIVITY

A. General

1. Any Board or committee member under investigation for a felony offense shall request a leave of absence from their Association duties during the investigation or trial period.

2. Any Board or committee member convicted of a felony offense will voluntarily resign from his or her position.

3. Drug, alcohol, or substance use or abuse will not be tolerated prior to, or during meetings or anytime on the common areas of the Association.

VI. ENFORCEMENT

A. Complaints

1. Complaints against any Board or committee member, which allege conduct inconsistent with the foregoing resolution, must be made in writing to the President of the Board of Directors. If the complaint is against the President, complaints will be submitted to the Vice President or the Community Manager.

B. Review Period

1. The Board President, Vice President, or Community Manager, after ascertaining the validity of the complaint, shall convene an executive meeting within thirty (30) days of receipt of a complaint to discuss the alleged activity with the accused member.

2. The Board shall attempt to gather all facts relevant to the alleged misconduct. Once satisfied that the information presented is sufficient to make a determination in the matter, the Board will excuse the accused member and decide what action, if any, may be appropriate to resolve the matter.

C. Findings

1. The Board shall issue its written finding with respect to the alleged misconduct within seven (7) days after the executive session held pursuant to Section B, Number 2, above.

D. Sanctions

1. Should the Board find that a breach of the Association's Code of Ethics was committed by a Board or committee member, the Board may impose appropriate sanctions, consistent with the Bylaws of the Association. Such sanctions could include censure or removal of the member from the Board or committee.

This resolution is adopted this 27th day of July, 2005, at an open Board meeting where a quorum of the Board was present and is effective immediately.

I have read and agree to abide by this Code of Ethics:

_____

Name   Board/Committee Position   Date

Hammersmith Management Company Code of Business Conduct and Ethics

Hammersmith Management, located in Denver, Colorado, created their own code of ethics and enforcement procedures that expand on those offered by CAI.

HAMMERSMITH MANAGEMENT
CODE OF BUSINESS CONDUCT AND ETHICS
PLAIN LANGUAGE SUMMARY SHEET
JANUARY 2010

A. Scope: Applies to ALL Hammersmith employees
B. Purpose: To maintain our core value of integrity
C. Ethical standards: Do's and don'ts

Do's

- Perform your work objectively and effectively
- Deal fairly, honestly, and ethically at all times and with all people
- Make decisions regarding vendors based upon quality and value
- Foster appropriate relationships
- Report to your supervisor lunches, meals, and golf that you are invited to
- Encourage vendors to participate in company programs (golf tournament, sponsorships, etc.)
- Tell a vendor who offers a gift that it must go through our company relationship coordinator (CRC), that it must be accessible to every team member who serves our clients, and, further, that the CRC will distribute the gift
- Protect the company's assets
- Report violations of ethical standards
- Comply with all laws, both in letter and in spirit
- Ask first, act later

Don'ts

- Don't accept a gift, cash, gift card, tickets, etc., from a vendor
- Don't take advantage of a vendor by accepting lunch, dinner, and golf invitations excessively
- Don't give anyone favorable treatment because of anything other than their value to our clients
- Don't disclose confidential information, except when specifically authorized
- Don't work for a competitor, customer, supplier, vendor, etc., while working for the company
- Don't act first, ask later, in matters of ethics and business conduct

HAMMERSMITH MANAGEMENT, INC., CODE OF BUSINESS CONDUCT AND ETHICS

A. Scope.

This Code of Business Conduct and Ethics applies to all Hammersmith Management employees, as well as to employees of each subsidiary of Hammersmith Management. All of the above referred to herein collectively as the "Covered Parties." Hammersmith Management and its subsidiaries are referred to herein collectively as the "Company."

B. Purpose.

The Company is proud of the values with which it conducts business. It has and will continue to uphold the highest levels of business ethics and personal integrity in all types of transactions and interactions. To this end, this Code of Business Conduct and Ethics serves to (1) emphasize the Company's commitment to ethics and compliance with the law; (2) set forth basic standards of ethical and legal behavior; (3) provide reporting mechanisms for known or suspected ethical or legal violations; and (4) help prevent and detect wrongdoing.

Given the variety and complexity of ethical questions that may arise in the Company's course of business, this Code of Business Conduct and Ethics is not meant to be all-encompassing. There will be situations that occur that are not directly referenced in this Code. Confronted with ethically ambiguous situations, the Covered Parties should remember the Company's commitment to the highest ethical standards and seek advice from supervisors, managers, or other appropriate personnel to ensure that all actions they take on behalf of the Company honor this commitment. When in doubt, remember Warren Buffett's rule of thumb:

> "I want employees to ask themselves whether they are willing to have any contemplated act appear the next day on the front page of their local paper— to be read by their spouses, children, and friends—with the reporting done by an informed and critical reporter."

C. Ethical Standards.

1. **Conflicts of Interest.**

A conflict of interest exists when a person's private interest interferes in any way with the interests of the Company. A conflict can arise when a Covered Party takes actions or has interests that may make it difficult to perform his or her work for the Company objectively and effectively. Conflicts of interest may also arise when a Covered Party, or members of his or her family, receives improper personal benefits as a result of his or her position at the Company. Loans to, or guarantees of obligations of, Covered Parties and their family members may create conflicts of interest. It is almost always a conflict of interest for a Covered Party to work simultaneously for a competitor, customer, or supplier.

Conflicts of interest may not always be clear-cut, so if you have a question, you should consult with your supervisor or manager or, if circumstances warrant, the chief financial officer or chief legal officer of the Company. Any Covered Party who becomes aware of a conflict or potential conflict should bring it to the attention of a supervisor,

manager, or other appropriate personnel, or consult the procedures described in Section E of this Code.

All employees of the Company, and subsidiaries, shall disclose any material transaction or relationship that reasonably could be expected to give rise to such a conflict to the Chief Executive Officer of the Company. No action may be taken with respect to such transaction or party unless and until such action has been approved by the Company.

2.   Corporate Opportunities.

Covered Parties are prohibited from taking for themselves opportunities that are discovered through the use of corporate property, information, or position without the consent of the Board of Directors of the Company. No Covered Party may use corporate property, information, or position for improper personal gain and no employee may compete with the Company directly or indirectly. Covered Parties owe a duty to the Company to advance its legitimate interests whenever possible.

3.   Fair Dealing.

Covered Parties shall behave honestly and ethically at all times and with all people. They shall act in good faith, with due care, and shall engage only in fair and open competition, by treating ethically competitors, suppliers, customers, and colleagues. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited. No Covered Party should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair practice.

The purpose of business entertainment and gifts in a commercial setting is to create good will and sound working relationships, not to gain unfair advantage with customers. No gift or entertainment should ever be offered or accepted by a Covered Party or any family member of a Covered Party unless it is offered through the Company. All such gifts or entertainment must come through a single point of contact within the Company and that single point of contact will be designated as the Company Relationship Coordinator. The Company Relationship Coordinator shall make certain that all such gifts or entertainment are: (1) made available to everyone within the Company, (2) consistent with customary business practices, (3) not excessive in value, (4) not construed as a bribe or payoff, and (5) not in violation of any laws or regulations.

As a way to clarify what is meant by being made available to everyone within the Company, the intent here is to afford everyone within the Company the opportunity to participate. For example, if there are tickets offered to a sporting event through the Company Relationship Coordinator, the Company Relationship Coordinator will make the determination about how to distribute the tickets. It could be done through a random drawing, it could be based upon rewarding someone who did an exceptional job, etc. Vendors may request a specific individual, but there will be no guarantee that a particular individual will participate. Covered Parties must discuss with their supervisors, managers, or other appropriate personnel any and all proposed gifts or entertainment that have been offered directly to a Covered Party and which did not come through the

Company Relationship Coordinator.

The Company acknowledges that a reasonable amount of golf and/or dining can be an integral part of a sound working relationship and can create good will while not giving an unfair advantage to a Covered Party and further that this is consistent with customary business practices as long as they are not excessive in value or in frequency. In order to monitor the frequency and value of these occasions, any Covered Party that will be golfing or dining with suppliers, partners, etc., is required, either by written memo or e-mail to notify their immediate supervisor of such occasion prior to its occurrence. As part of that notification, the Covered Party must state where the golf/dining is to take place, who is to be in attendance, as well as what entity paid for what.

Any Covered Party and/or vendor, supplier, etc., that the Company, in its sole discretion, determines is being excessive as to this policy will be notified in writing of the Company's determination and will be required to meet the Company's guidelines or will be subject to disciplinary action up to and including dismissal (in the case of a Covered Party), up to and including removal from the Company's vendor list (in the case of a vendor, supplier, etc.).

4. Confidentiality.

Covered Parties must maintain the confidentiality of confidential information entrusted to them, except when disclosure is authorized by an appropriate legal officer of the Company or required by laws or regulations. Confidential information includes all non-public information that might be of use to competitors or harmful to the Company or its customers if disclosed. It also includes information that suppliers and customers have entrusted to the Company. The obligation to preserve confidential information continues even after employment ends.

5. Protection and Proper Use of Company Assets.

All Covered Parties should endeavor to protect the Company's assets and ensure their efficient use. Theft, carelessness, and waste have a direct impact on the Company's profitability. Any suspected incident of fraud or theft should be immediately reported for investigation. There will be no reprisal or retribution against any Covered Party of reporting other persons' actual or possible violations of this Code. Reports may be made orally or in writing. The anonymity of communications about violations or potential violations will be protected to the fullest extent possible. However, the Company's need to take appropriate action with respect to the alleged violation must be recognized, which may involve the disclosure of the information and its source or sources.

The Company's equipment should not be used for non-Company business, though incidental personal use is permitted.

The obligation of Covered Parties to protect the Company's assets includes its proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks, and copyrights, as well as business, marketing and service plans, engineering and manufacturing ideas, designs, databases, records, salary information, and any unpublished financial data and reports. Unauthorized use or distribution of this information would violate Company policy. It could also be illegal and result in civil or criminal penalties.

6. **Compliance with Laws, Rules, and Regulations.**

Obeying the law, both in letter and in spirit, is the foundation on which the Company's ethical standards are built. In conducting the business of the Company, the Covered Parties shall comply with applicable governmental laws, rules, and regulations at all levels of government in the United States and in any non-U.S. jurisdiction in which the Company does business. Although not all Covered Parties are expected to know the details of these laws, it is important to know enough about the applicable local, state, and national laws to determine when to seek advice from supervisors, managers, or other appropriate personnel.

D. Waivers.

There will be no waivers of this Code. All decisions made by the Company's Chief Executive Officer will be the final word.

E. Violations of Ethical Standards.

1. **Reporting Known or Suspected Violations.**

All Covered Parties should talk to supervisors, managers, or other appropriate personnel about known or suspected illegal or unethical behavior. No retaliatory action of any kind will be permitted against anyone making such a report in good faith, and the Company will strictly enforce this prohibition.

2. **Accountability for Violations.**

If the Company or its designee determines that this Code has been violated, either directly, by failure to report a violation, or by withholding information related to a violation, the offending Covered Party may be disciplined for non-compliance with penalties up to and including removal from office or dismissal. Such penalties may include written notices to the individual involved that a violation has been determined, censure by the Company, demotion or re-assignment of the individual involved, and suspension with or without pay or benefits. Violations of this Code may also constitute violations of law and may result in criminal penalties and civil liabilities for the offending Covered Party and the Company. All Covered Parties are expected to cooperate in internal investigations of misconduct.

F. Compliance Procedures.

We must all work together to ensure prompt and consistent action against violations of this Code. In some situations, however, it is difficult to know if a violation has occurred. Because we cannot anticipate every situation that will arise, it is important that we have a way to approach a new question or problem. These are the steps to keep in mind:

- Make sure you have all the facts. In order to reach the right solutions, we must be as informed as possible.
- Ask yourself: What specifically am I being asked to do? Does it seem unethical or improper? Use your judgment and common sense. If something seems unethical or improper, it probably is.
- Clarify your responsibility and role. In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem.

- Discuss the problem with your supervisor. This is the basic guidance for all situations. In many cases, your supervisor will be more knowledgeable about the questions, and he or she will appreciate being consulted as part of the decision-making process.

- Seek help from Company resources. In rare cases where it would be inappropriate or uncomfortable to discuss an issue with your supervisor, or where you believe your supervisor has given you an inappropriate answer, discuss it locally with your office manager or your human resources manager.

- You may report ethical violations in confidence without fear of retaliation. The Company in all circumstances prohibits retaliation of any kind against those who report ethical violations in good faith.

- Ask first, act later. If you are unsure of what to do in any situation, seek guidance before you act.

G. Conflict of Interest

The basic policy of the Company is to deal fairly and justly in all relationships. The following actions are considered to be in conflict with the Company's interest and a violation of trust and will lead to disciplinary action, up to and including discharge.

1. Release to any party outside the Company's employ any data or information of a confidential nature relating to the Company's business or to use such knowledge for personal benefits, including transmitting proprietary company information from HMI, clients, and/or vendors to any person who is not employed by HMI. Any transmittal including personal e-mail, fax, mail, and/or ship-to is a violation of this policy which may lead to disciplinary action up to and including termination.

2. Acceptance of gifts, fees, services, or loans (except services or loans from a bank or other recognized leading institution in the normal course of business) in any form from any party soliciting business from the Company or which have established business relations with the Company. Meals and social invitations that are customary and proper under the circumstances are exceptions.

3. To devote time, effort, or knowledge in an attempt to develop or influence business for some other firm (competitive or otherwise).

4. The Company considers it undesirable for any employee to have outside employment, which may adversely affect the manner in which they perform their work for HMI. An employee who engages in outside employment without first having obtained the approval of the Company to engage in such employment may be terminated.

H. Disciplinary Action

Employee conduct and performance form the bases for HMI's goals of continuous high-quality service and growth while maintaining a positive image with the community. Teamwork and a winning attitude are necessary to maintain the high standards of HMI and to support these goals.

Employees are expected to maintain acceptable levels of work performance and personal conduct. Work performance includes good attendance and timely reporting to work.

Additional Resources

Books Available from CAI

Avoiding the Con in Construction: How to Plan for Hassle-Free Home Building, Renovation & Repair, by Kia Ricchi, 2010.

Community Association Leadership: A Guide for Volunteers, 2010.

Conflicts of Interest: How Community Association Leaders Honor Their Duties, by Tonia C. Sellers, ESQ., & Jay S. Lazega, ESQ., 2004.

From Good to Great: Principles for Community Association Success, 2009.

On-Site Managers: How to Find the Right Community Association Professional, by Thomas Burgess, PCAM, & Pam Washburn, PCAM, 2005.

Standards of Care: A Survey of State Standards, by Marc D. Markel, ESQ., & Jeffrey D. Roberts, ESQ., 2013.

Volunteer Immunity: A Survey of State Laws, by Marc D. Markel, ESQ., & Jeffrey D. Roberts, ESQ., 2013.

For more information or a CAI Press catalog, please call (888) 224-4321 (M–F, 9–6:30 ET) or visit www.caionline.org/shop.

Best Practices Reports (available at www.cairf.org):

Community Harmony & Spirit
Community Security
Energy Efficiency
Ethics
Financial Operations
Governance
Green Communities
Reserve Studies/Management
Strategic Planning
Transition

Web Resources

Complete Guide to Ethics Management: An Ethics Toolkit for Managers.
  http://managementhelp.org/businessethics/ethics-guide.htm

Josephson Institute: http://josephsoninstitute.org

Management Ethics: http://managementethicszone.blogspot.com

About the 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 volunteer leaders, community managers and other professional service providers, legislators, regulators and the media. Our work is made possible by your tax-deductible contributions.

Your support is essential to our research. Visit www.cairf.org or e-mail foundation@caionline.org.

About Community Associations Institute (CAI)

Community Associations Institute (CAI) is an international membership organization dedicated to building better communities. With more than 33,000 members, CAI works in partnership with 60 chapters, including a chapter in South Africa, as well as with housing leaders in a number of other countries, including Australia, Canada, the United Arab Emirates and the United Kingdom. CAI provides information, education and resources to the homeowner volunteers who govern communities and the professionals who support them.

CAI members include association board members and other homeowner leaders, community managers, association management firms and other professionals who provide products and services to associations. 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 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, innovations and best practices in community association development, governance and management.

We believe homeowner and condominium 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. Our mission is to inspire professionalism, effective leadership and responsible citizenship—ideals reflected in associations that are preferred places to call home. Visit www.caionline.org or call (888) 224-4321.

DEVELOPING FUNCTION-SPECIFIC BEST PRACTICES in the community association industry has been a goal of Community Associations Institute and the Foundation for Community Association Research for several years. The Foundation has developed best practices in select topic areas using a variety of sources, including, but not limited to, recommendations from industry experts and various industry-related publications. The outcomes of the Best Practices project include:

- Documented criteria for function-specific best practices.
- Case studies of community associations that have demonstrated success in specific areas.
- A showcase on community excellence.

best practices

REPORT #4

Financial Operations

FOUNDATION FOR
COMMUNITY ASSOCIATION
research

best practices

FOUNDATION FOR
COMMUNITY ASSOCIATION
research

Acknowledgements

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best practices

Community Associations Institute (CAI) and the Foundation for Community Association Research are dedicated to conducting research and acting as a clearinghouse for information on innovations and best practices in community association creation and management.

What are Best Practices?

The Foundation for Community Association Research is proud to offer function-specific Best Practices Reports in the community association industry. The Foundation has developed best practices in select topic areas using a variety of sources, including, but not limited to, recommendations from industry experts and various industry-related publications. The outcomes of the Best Practices project include:

- documented criteria for function-specific best practices;
- case studies of community associations that have demonstrated success; and
- the development of a showcase on community excellence.

The benefits of benchmarking and developing best practices include: improving quality; setting high performance targets; helping to overcome the disbelief that stretched goals are possible; strengthening cost positions; developing innovative approaches to operating and managing practices; accelerating culture change by making an organization look outward rather than focusing inward; and bringing accountability to the organization because it is an ongoing process for measuring performance and ensuring improvement relative to the leaders in the field.

The Foundation's entire catalog Best Practices Reports is available at www.cairf.org as a free download and for sale in CAI's bookstore.

Overview and Introduction

Financial Operations

It is CAI's purpose to foster vibrant, responsive, competent community associations that promote harmony, a sense of community, and responsible leadership. Given that the fiscal health of the association has a direct impact on every member of the community, proper management of financial operations is an important element of building better communities. While the responsibility for an association's finances rests with the board, there are numerous areas where advice should be sought from qualified financial professionals.

The board of directors, particularly the treasurer, is ultimately responsible for association's funds and may not abdicate their fiduciary responsibility. Given the reality that community association boards are made up of diverse individuals with varied degrees of financial knowledge, below are basic guidelines that should be followed to ensure sound financial operations.

Banking

- Maintain the association's funds, including the replacement fund (commonly called reserves) and operating fund, in separate accounts in the association's name and ensure that the board has direct access to the account.

- Maintain an operating cash balance of approximately two months expenses.

- Reconcile the association's bank statements and investments monthly (or at least quarterly) with the statements going directly to the board member reviewing them. The board member charged with reviewing the bank statements should not be responsible for payment of bills and/or signing checks.

- Require the full board to review copies of bank statements and investments on a quarterly basis.

- Require at least two board members' signatures to gain access to reserves.

- Require at least two authorized signatures on all checks over a predetermined amount as established by the board of directors.

Planning

- Establish a long-term financial plan for the association's assets (cash, accounts receivable, replacement fund, investments, etc.) that is reviewed and revised annually.

- Develop written, board-approved investment policies and procedures.

- Commission a reserve study and/or update current reserve study at least every three years and review the report annually.

- Prepare a long-term operating budget covering the next three to five years.

- Include reasonable reserves for future major repairs and replacement of common facilities in assessments as determined by the association's most recent reserve study.

Disclosure

- Provide homeowners with reasonably detailed summaries of budget and reserve information on an annual basis, with further information readily available.

- Request financial statements from the manager or accountant at least quarterly. (Please note: some associations may opt to view these statements more frequently. Further, state law may dictate the frequency with which financial statements must be prepared.)

- Inform homeowners that the annual financial statement, which is prepared in accordance with the basis of accounting used by the association, is available for review by owners and prospective purchasers within the time frame established by the association or specified in applicable statutes and governing documents. This report may be a review, a compilation, or an audit. If possible, a copy of this report should be sent to all members of the association. If copies are not sent to members, the board should publicize, through the association's newsletter, that copies are available upon request.

Policies/Record Keeping

- Develop a written, board-approved collection policy for enforcing owners' assessment obligations. Be sure to follow applicable state statutes regarding development and enforcement of the policy.

- Establish that the board must approve all write-offs of delinquencies in a timely manner.

- Solicit competitive bids for services and require board authorization for all expenditures over a predetermined amount.

- Request timely updates and reports from the association's manager and accountant.

- Keep detailed meeting minutes paying close attention to all fiscal matters.

- Conduct payroll audits to ensure all employees are legitimate and paperwork is current and complete.

- Require approval of invoices, by a board member other than the check signers, prior to payment.

- Establish and maintain a policy regarding archiving the association's permanent financial records.

Budgeting

- Assign budget items in the month during which the expenses are expected to be incurred rather than dividing total yearly expenses by 12 (for each month of the year).

- Require board approval for checks in payment of non-budgeted, non-recurring expenses in excess of an established limit.

- Compare income statement with the budget on a periodic basis (at least quarterly).

Budgetary Responsibilities

A community association's governing documents and management contracts will define formal roles and responsibilities in the budget process. These roles should be communicated in a constructive manner to all involved to ensure that appropriate expectations exist. Below is an outline of the responsibilities of volunteers and professional staff typically charged with developing community association budgets.

Board of Directors

Most boards of directors are responsible for establishing, approving, and monitoring the community's budget. Although they have the power to establish a budget, most will delegate preparation authority to their manager or accountant. When directors review a proposed budget, they should consider the following:

- State statutes and requirements established in the association's governing documents.

- Owners' needs and expectations (the balance between mandatory and discretionary items).

- Committee and owner feedback.

- The need to reconcile income and expenses, otherwise known as balancing the budget.

- Financial forecasts (e.g. budgets) and analyses of past financial activities prepared by the manager or accountant.

- Capital budget and reserve study requirements.

If the board has the power to approve the budget, the manager should provide all owners with a summary copy of the proposed budget before the board officially adopts it. Owner input is a key component of the budgeting process. Owner input regarding the budget leads to less animosity over budget priorities and the opportunity for increased resident involvement in other aspects of the community—thus, building a sense of community.

Treasurer

The treasurer is usually charged with the responsibility for the preparation and review of the draft budget. He or she typically delegates the initial preparation of the budget to the manager or accountant. If applicable, the treasurer will then review the draft of the budget with the association's finance committee.

The treasurer should consult all committee chairs and invite owners to comment on the budget to ensure support. Owner participation and support is especially important where a vote of owners is required for any of the following: a large required increase in assessments, special assessments, major improvements, or funding reserves. Again, funding of reserves should be based on the results of a reserve study. *(For more information on reserve studies, please consult Best Practices Report #1: Reserve Studies/Management.)*

The treasurer usually presents the proposed budget to the owners in some forum as agreed upon by the board. It may be presented at an open community meeting or sent to the owners with a request for feedback by a specific date. Frequently, community-

governing documents require that an open meeting be held before the board adopts a budget.

Owners

Some states and some community documents require that the budget be passed by a vote of the owners. The preceding section explains the value of owner involvement in reviewing the proposed budget—even when the board is responsible for final adoption.

Manager

The manager's formal budget responsibilities are usually enumerated in the management contract. Even if precise responsibilities are not specified in writing, the board may expect the manager to:

- Prepare a draft budget.

- Review the draft with the treasurer, finance committee (if one exists), and the board.

- Revise the draft budget after changes are made.

- Mail a summary of the proposed budget to owners prior to approval.

- Mail copies of the completed budget to all owners and have copies on hand for prospective owners.

Managers should not be expected to perform services outside of their contractual agreements. Thus, a community association should review their current management contract to determine the manager's level of involvement in the budget process. Any desired changes in the services should be reviewed and negotiated.

Accounting Practices & Financial Statements

Accounting Practices

There are two commonly used bases of accounting, the accrual basis of accounting which is required by Generally Accepted Accounting Principles (GAAP), and the cash basis of accounting which is considered to be an Other Comprehensive Basis of Accounting (OCBOA). OCBOA is not in accordance with GAAP, which is most often used by community associations.

Accounting Basis Used for Financial Statements

An association's financial statements will reflect one of the following accounting bases (as determined by the board with input from both the association's manager and accountant):

Cash Basis—Cash basis accounting is similar to a checkbook. It records income when deposited and expenses when paid. The cash basis may not accurately reflect the association's true financial condition—it simply shows the result of cash transactions. Outstanding assessments and unpaid expenses, if any, are missing in this method, which distorts an association's financial health.

Modified Cash Basis—The modified cash basis is the cash basis with some aspects of the accrual basis. Under the modified cash basis some accounts, such as assessment income, are maintained using the accrual method. There can be degrees of modified cash basis.

Accrual Basis—Accrual basis accounting records income when earned and expenses when incurred. The statements are more useful for comparing the results of the budget to the actual activity. There are variances with the cash basis because transactions take place at different times. For instance, if an association makes a late payment at the end of a fiscal year, the financials would reflect it with 11 payments in one year and 13 payments in the next. With the accrual method, all 12 payments would be in the current year regardless of when the bill was paid. The accrual basis allows the association to gain the most accurate picture of its financial health.

Generally Accepted Accounting Principles

GAAP accounting provides uniformity among financial statements from different community associations. GAAP requires the use of accrual accounting for annual reports (see accrual basis explanation above). GAAP requires the following set of year-end financial statements for community associations:

Balance Sheet—A summary of a community's financial position at a specific point in time. The three major components of a balance sheet are:

- **Assets**—Items owed to or owned by an association.

- **Liabilities**—The association's debts to third parties.

- **Members' equity**—The owners' interest in the association's remaining assets after providing for the discharge of its liabilities. It may also be negative and called the members' deficit if its liabilities exceed its assets. Note: This is called fund balance under the fund method of reporting.

Statement of Income and Expense (or Revenue and Expense)—Represents the operating activities for a given period of time, usually one year, ending on the same date as the balance sheet.

Statement of Changes in Members' Equity (or Fund Balances)—Reconciles the beginning and ending members' equity with results of operations for the period.

Statement of Cash Flows—Reconciles an association's operating, investing, and financing activities from the basis of accounting used (generally the accrual basis) to a cash basis to reflect what caused the changes in the cash balance during the year.

Notes to Financial Statements—Footnotes that provide additional information to help the reader understand the association's financial situation. The notes may describe the type of association and its characteristics, provide information about the association's reserve and investment polices, tax filing status and debts, explain the purpose and time period of special assessments, describe significant commitments and possible events that could have a financial impact on the association (e.g., pending lawsuits), and explain related party transactions.

Financial Statements and Reports

Year-end financial statements help determine and outline a community association's fiscal health. Experts suggest that a Certified Public Accountant (CPA) specializing in community associations prepare these statements.

Audit

An audit is an examination of an organization's accounting records and procedures by an independent certified public accountant for the purpose of verifying the fairness of the presentation of financial statements. An association's governing documents and/or state statutes may require an annual audit. However, in the absence of a state mandate, external verification of the accuracy and completeness of the association's financial records is a sound business practice. The audit should include, but is not limited to, the following: confirmation of selected transactions and balances with outside parties (such as banks and contractors); a physical inspection of records; a trace of transactions to supporting documentation and authorization by someone within the association; and review of the association's legal documents and minutes.

After the audit is complete, the CPA will prepare an opinion report that details one of the following four outcomes:

1. The auditor issues an unqualified or clean opinion that states that the financial statements are presented fairly in all material respects.

2. The auditor issues a qualified opinion that says the statements, with certain reservations, are fairly presented.

3. The auditor disclaims his/her ability to issue an opinion.

4. The auditor issues an adverse or negative opinion.

Clearly, a community association should strive for a clean opinion or, if necessary, a qualified opinion. The third scenario—a disclaimer—usually occurs when the client organization or the circumstances surrounding the audit restrict the CPA's ability to collect sufficient evidence to form an opinion. An adverse opinion is issued when evidence

indicates that the financial statements do not fairly reflect the association's financial position or operating results.

Financial experts recommend that a CPA familiar with community associations perform an audit annually, minimally every other year. It is important to note that some state statutes require that community associations be audited on a specific timetable.

Review

A review is less thorough than an audit, thus a less costly analysis of an association's financial activities. It provides the board with some assurance that the financial statements are consistent with typical trends without the detailed examination obtained in an audit. In a review, the CPA interviews management personnel and others involved in the association's accounting process in order to assess the association's financial procedures. The reviewer compares the actual amounts with the association's prior year line items and looks for trends or irregularities.

The review provides a significantly lower level of assurance than an audit does. The report states that the CPA is not aware of any material or significant changes that should be made to the financial statements in order for them to conform with GAAP or OCBOA.

Compilation

A compilation is a presentation of financial statements prepared by an accountant, not necessarily a CPA, but does not provide any level of assurance regarding the financial statements. Compilations should also be prepared in accordance with GAAP or OCBOA. Through a compilation, the association asks an accountant to prepare its year-end statements based on the information that the board or manager provides. The accountant does not make any representation about the accuracy and completeness of the financial statements. However, if he/she becomes aware that the statements are incorrect, he/she is obligated to disclose that fact.

Reading Financial Statements

Financial statements are produced for two primary reasons:

- To provide their internal and external users with the economic information needed to make appropriate decisions on behalf of the community association.

- To enable the community association board and manager to control the association's financial operations.

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warning signs to look for when reviewing financials

- A steady decline in the amount of cash on hand.
- Significant and/or unexplained differences between actual and budgeted figures for items.
- An increase in the amount of owners' assessments owed to the community.
- Unusually large legal expenses—unless reason is disclosed.

- Absence of a reserve study.
- The failure to resolve any differences between bank statements and the financial statements in a timely manner.
- Untimely generated, or missing, financial statements.
- Financial statements not prepared using GAAP.

S E C T I O N   T H R E E

Assessments, Taxes, and Investments

Assessment Collection

The association declaration and state law give associations the authority to collect assessments. It is not unusual for a board to be responsible for hundreds of thousands of dollars in assessment fees. Given their fiduciary responsibility, association boards must collect assessments in a timely, systematic manner. Each association should adopt, by resolution, the procedures for the collection of payments (dues or assessment fees). The policy should be distributed to all members and uniformly enforced. Communication of the association's budget is critical to assessment collection because those members who understand the association's financial position are more likely to pay their dues on time.

Characteristics of an Effective Collection Policy
An effective collection policy should:

1. Be established by a formal resolution of the board that:

    a. Specifies the problem to be solved (e.g., collection of delinquent fees);

    b. Delineates the procedures to be followed;

    c. Designates the circumstances under which the procedures are required or permitted.

2. Specify only actions that are within the power of the community association and its board.

3. Set a firm due date for assessments.

4. Outline the steps to be taken by the person(s) responsible for collecting assessments when a payment is late with a specific timeline for each step of the process.

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take note

- All members of the association must have proper advance notice of the due date for assessments.
- Be certain to uniformly apply collection policies to all owners.
- Be sure that whatever steps taken to collect assessments are authorized by enabling statutes, governing documents, and fair debt collection requirements under the Federal Fair Debt Collection Practices Act. Any steps taken should be automatic and systematically increase in severity.
- Once an account is turned over to legal counsel, it is critical that all further communication be between the association's attorney and the delinquent owner or the owner's attorney.
- The right to recover attorney fees and costs from a delinquent party should be guaranteed by state statute or the governing documents.

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5. Allow for discretion in special cases (the burden of requesting special consideration should be placed upon the owner). The discretionary power should be under the control of the board of directors.

6. Specify when a delinquent assessment should be referred to legal counsel (this step should be automatic once a delinquent assessment reaches a specific age or amount).

7. Provide for the collection of any costs associated with collecting delinquent assessments.

Federal Income Tax Filing Responsibilities

The following are general federal income tax filing responsibilities for community associations:

1. All associations must file a federal income tax return every year. The lack of taxable income does not eliminate the need to file, and filing a tax return does not necessarily mean that the association owes the government money.

2. A community association is generally required to file its federal income tax return as a corporation using Form 1120, but may elect to file as a homeowners association using Form 1120H, if it meets certain requirements. The association should consult its tax professional regarding this choice because tax rates are different.

3. A community association's federal tax return is due the fifteenth day of the third month after the end of the tax year. It is possible to obtain up to a six-month extension of time in which to file a return. If an association needs an extension, it must file an extension request form and pay any expected tax due by the original filing deadline.

4. If previous boards failed to submit tax returns for previous years, the current board is not absolved from filing a return for the current year or for any previous year that was omitted.

5. An association may be required to make quarterly payments of its estimated annual tax, depending on the tax filing method it uses. When a tax professional prepares an association's tax return, he/she will notify the association if it needs to make estimated tax payments for the upcoming year.

6. State income tax filing requirements vary from state to state. They are not necessarily the same as federal requirements.

Investments

The purpose of this section is to provide basic information on community associations and investments—not to advise how associations should handle their investments. Investments involve the purchase of assets with monetary value for the purpose of generating additional value over time. Examples of investments include savings accounts, certificates of deposit, US Treasury securities, and stocks, which are not often recommended as an investment option for community associations.

Investment Policies and Procedures

A community association should have a written investment policy and a set of procedures for ensuring that the policy is implemented. In some instances, governing documents and state statutes establish investment policies for associations. For example, certain states require that association funds can be invested only in federally insured lending institutions and government securities.

Essential Investment Objectives

The three essential investment objectives for community associations, in the order of their importance, are:

- **Safety**—protecting the principal (amount of original investment) from as much risk as possible.

- **Liquidity**—the ease and costs associated with converting an investment into cash or cash equivalent.

- **Yield**—the amount of return on an investment. The ultimate earnings from an investment are not necessarily the stated rate of interest.

Common Investment Policies

(Please note: These are only suggestions. Your association's CPA and/or financial advisor should recommend investment policies to fit your community's particular circumstances.)

- Investments should be federally insured either through FDIC or the US Government. Thus, not more than $250,000 will be invested in any one financial institution so that the funds are fully protected by FDIC.

- Investment income must be optimized without any risk of loss to the principal (amount of the original investment).

- Investment maturities should meet projected cash flow needs.

Common Investment Procedures

(Please note: These are only suggestions. Your association's accountant and/or financial advisor should recommend investment procedures to fit your community's particular circumstances.)

- Management is to deposit all payments received on a daily basis.

- Transfers of budgeted additions to reserves are to be made on a monthly basis.

- Certificates of deposit, passbooks, bonds, etc., are to be under direct board control—not management control.

- A quarterly special report of earnings on investments is to be prepared by management or the treasurer and presented at a board meeting.

Investment Checks and Balances

Every association needs a system of internal checks and balances to protect its investments. Such checks and balances include:

- Association boards should consult a financial advisor prior to investing.

- Association boards should vote to invest funds based on an approved investment policy.

- Two signatures should be required to withdraw funds from investment accounts. However, an exception may be made for transfers between accounts of the same association.

- Association managers, employees, and volunteers should be covered by fidelity insurance (insurance that protects against employee dishonesty which may lead to the theft of money, securities, or property) to protect the association from loss due to employee theft.

Bid Requests/Request for Proposals

Management of a community association's resources frequently involves the use of contracts to obtain the products and services required. Given such, one component of the board's fiduciary responsibility is to ascertain that the association is not paying too much for the products and services it receives. The most effective way to ensure competitive prices is through bid requests to potential contractors.

A bid request or request for proposal (RFP) is an announcement that an organization is interested in receiving proposals for a particular project or service. The bid request form includes: bid specifications (detailed instructions about the products or services requested); information about the association that the contractor will need in order to prepare a bid; and, a request for information about the contractor that will help the association evaluate the contractor's ability to perform the work and meet the specifications. Preparing a bid request or RFP involves: gathering preliminary information; identifying potential contractors; preparing thorough and accurate bid specifications; and preparing a complete bid request or RFP. To prepare some service specifications, the association may need to draw on the technical skills and knowledge of such parties as an engineer, architect or supplier.

Because of the amount of effort the bidding process requires for both the community association and the bidders, the process should be used only for significant projects or purchases and for on-going services such as lawn maintenance. The board of directors should determine the minimum size of a contract that requires competitive bidding. Simply stated, bid requests and RFPs allow the board to solicit competitive prices for products and services, thereby ensuring that the community association obtains the desired services from a quality service provider at a reasonable price.

14

Case Studies of Strategic Planning

case study #1

The Oakridge Estates Community Association

Size: 352 Planned Unit Development

Location: Ventura County, California

Board Size: Five (5)

This association is exemplary with regards to its financial operations. The board takes an active role in the financial matters of the association and seeks professional advice from their manager, accountant, insurance agent, and reserve study professional as needed. The association encourages open communication from its members and repeatedly meets its budget expectations. Below are some specific areas of financial diligence:

Review of financial statements and documents. The management company prepares financial statements monthly, including a balance sheet and an income statement with comparisons to the budget. Also included in the financial information are a check register and a listing of delinquent accounts, as well as copies of all bank statements and reconciliations. The board reviews this financial packet at each board meeting and discusses the items therein.

Replacement fund/reserves. The association segregates replacement fund activity and operating fund activity in its financial statements. Reserve cash is also segregated from operating cash and is kept in a separate bank account. In compliance with California Civil Code, two signers are required to withdraw any cash from the reserve cash account. The board of directors approves all reserve expenditures and that approval is noted in the board meeting minutes. There is an on-site reserve study prepared at least every three years, and that study is reviewed annually by the board and adjustments are made as needed. Reserves are funded in accordance with the budget.

Budget. The budget is prepared using data from the prior year with line item adjustments as needed. The budget is distributed to homeowners 45-60 days prior to the end of the fiscal year. The budget packet includes the information required by the California Civil Code, i.e., the delinquency policy, reserve study data, insurance information, and notice of arbitration/mediation rights.

Financial stability. There is approximately five percent of annual assessments in the operating fund balance (equity). This is within the range of CAI's recommended contingency amount (of two to five percent minimum) to be kept on hand for unexpected financial requirements.

Income taxes. For several years, the association has filed form 1120, with the lower tax rate of 15 percent. Because the association diligently segregates operating and reserve accounts, funds reserves according to the budget, and denotes capital and non-capital reserve activity, it has qualified to file IRS Form 1120.

Annual accounting. An annual report, either an audit or a review, is prepared by a CPA. That report is completed and mailed to the homeowners within 120 days of the year-end. An additional product supplied by the CPA is a management letter wherein suggestions for improvements to various financial matters are noted. The board and manager are always open to suggestions and willing to make changes necessary to improve financial transactions.

Kiawah Island Community Association

Size: 4115 properties

Location: Kiawah Island, SC

Board Size: Seven (7)

Kiawah Island is a National Community Association of the Year Award (NCAYA)-winning community in South Carolina. In addition to the board and management's dedication to community spirit and service, they also pay particular attention to financial operations.

Governing Documents. The community's governing documents provide certain guidelines related to the association's financial activities. Financial statements are prepared per the accrual basis of accounting prepared according to the fund reporting method. Using the accrual method ensures observance of limitations and restrictions on the use of financial resources that the governing documents require. The association board and staff also prefer to have an annual audit conducted because it gives the members a level of confidence that is not possible with a review or compilation. When it's all said and done, the board and the staff want their work scrutinized to the fullest extent.

Bank Statements. As per the association's Financial Controls Manual, the association's treasurer and controller's assistant reconcile Kiawah Island's bank statements monthly. This allows the association to regularly monitor its assets. The individuals responsible for reconciling the bank statements do not have check signing authority. Authorized signatories on all bank accounts are the board treasurer, the general manager, the controller, and the assistant general manager. Regular checking transactions require two of the aforementioned representatives' signatures. Access to the association's reserves accounts requires the board president's and treasurer's signatures.

Financial Statements. Association financial statements are produced monthly to keep the board "up to speed" on operations. The financial statements are discussed every six weeks at a board meeting. Board meeting minutes are posted on the association's Web site for membership review. Financial statements (and annual financial audits) are always available at the association office for members' review and the financial audit is provided once per year as part of the annual meeting packet materials.

Write-offs. Further, the association has a set process by which "write-offs" (delinquencies) are approved—the controller approves accounts with a balance of less than $100, the manager approves accounts with a balance of more than $100 but less than $500, the treasurer approves accounts with a balance of more than $500 but less than $1,000, and the board must vote and approve write-offs for accounts with a balance of more than $1,000.

Budgeting. Kiawah Island's board and staff also work to develop and follow a comprehensive budget each fiscal year. Budget items are allocated to the month during which expenses occur. For example, the pool contractor provides a specific annual schedule for the coming year listing the services and personnel he is providing each month and their cost. These monthly allocations are included into the annual budget because it makes sense to match expenses with income. For example, during the months that the pool contractor is providing services, the pool is open and income is being generated.

Unbudgeted expenditures more than $2,000 must have prior board approval. Approval may be obtained either at regularly scheduled board meetings, or by mail vote, when nec-

essary. Unanimous approval is needed for a mail vote to pass. Also, the Finance Advisory Committee is informed of such expenditures and makes their recommendations to the board prior to the meeting or mail vote.

To facilitate association operations when unbudgeted expenses of a serious nature arise, the budget may contain a line item for contingencies, not to exceed the limit approved by the board. The guidelines for the use of these funds are: (1) an unanticipated emergency, e.g., hurricane, flood, fire, etc., (2) the replacement or repair of equipment that either fails or is destroyed unexpectedly and is considered by the general manager to be critical to the efficient operation of the association, or (3) for the protection of association property from imminent damage.

The reason for this line item is that time required to obtain board approval for unbudgeted expenditures may, under certain conditions, cause significant unnecessary expense to the association, or that approval may be unattainable due to the unavailability of board members, etc. The use of this line item, within the guidelines above, is to be in the Operating Committee's discretion only. When expenditures are made, the general manager is to seek board ratification immediately, of both the expenditure and his/her justification for the use of the contingency funds versus the regular process for advance approval of non-budgeted expenditures more than $2,000. Once approved by the board, the expense will be moved to the correct line item and/or department. The board has the authority to suspend use of the contingency line item at any time, by written notification to the general manager.

Competitive bids. The general manager, at the direction of the board, is the contracting agent for the association. The general manager will sign all bilateral contracts. The general manager may delegate purchasing authority and the ability to sign purchase orders to various department heads. However, the general manager may not delegate authority to sign general insurance or employee benefit contracts. Where feasible, all contracts and purchase orders will be in the association's standard format appropriate to the type of purchase. The general manager reserves the right to have the contract reviewed by legal counsel and/or insurance representatives. Whenever a form of contract or purchase order other than the association's standard is used, appropriate review will be exercised. The general manager reserves the right to require that the standard format be used.

All contracts valued annually at $25,000 or more require competitive bidding. Competition for contracts less than $25,000 is not precluded and is recommended when time and cost for obtaining quotes is reasonable. Staff is expected to perform due diligence in obtaining bids, when required. Contracts with fewer than three responses must contain a certification from the requesting manager that all available responsible bidders were sought and suitable follow up performed to get as many bids as possible, with explanations of unusual circumstances. The board must approve any sole source award, in advance. Similarly, any contract to be awarded to other than the lowest bidder must have prior approval by either the board or, for reserve projects, the Major Repair & Replacement Committee.

Any contract in excess of $25,000 must either be approved in the annual budget or have specific prior board approval, except in the case of emergency or contingency purchases. Additional board approval is required in cases where conditions change, before or after the contract is let, which significantly affect the scope or cost of the contract (more than 20%). No service contract may be automatically renewed for more than 12 months without additional approval sought from the board. There will be no contracts between the association and one of the association's employees, board members, committee members, or their respective relatives, regardless of dollar value.

Long-range fiscal planning. The board directs the Finance Advisory Committee to develop a five-year fiscal plan, which includes disaster, insurance, and facilities acquisition components. The committee receives information about the capital projects proposed for the future from the Long Range Planning Committee. In their disaster planning, the committee considers financial disasters (for example, they determine what happens if revenues become reduced). Draft plans are presented to the full membership at open forums and via mailings for comments before the board approves them.

case study #3

Riverbend at Leisure World

Size:	231 units
Location:	Lansdowne, Virginia
Board Size:	5

Riverbend at Leisure World is a National Community Association of the Year Award (NCAYA)-winning community in Northern Virginia.

Bank Accounts. The bank accounts are all in the name of the association and are not co-mingled with any other association managed by the management company. Expenditures are made only after authorized by a purchase order signed by the on-site manager and the property manager. This process was instituted for convenience and prompt payment of bills. The managing agent reconciles the association's bank statements and investments monthly. In accordance with best practices, this person does not have check signing authority. Two signatures are required for checks, and the established limit for non-budgeted, non-recurring expenses that require board approval for checks is $2,000.

Financial Reporting. The association's financial statements are prepared using the modified accrual basis of accounting because the board prefers to see income when it is earned and expenses when they are incurred. Riverbend's board commissions an annual audit, feeling that it is their fiduciary duty to the owners to do so. The monthly financial statements are first given to the Budget and Finance Committee for detailed review at their monthly meeting. A written explanation of the statements is also provided by the community manager in advance of their meeting. The Board also receives a copy in their monthly Board packet. Owners are welcomed to receive a copy of the statements upon request.

Long Range Planning. Riverbend establishes a long-range fiscal plan primarily through the association's replacement reserve study. The board will continue to update the reserve study every year themselves and every three years with the assistance and guidance of a reserve specialist. The association also has a ten year budget which projects future income and expenses.

Reserves. Board members control replacement reserve accounts. Two signatures are required to access the reserve accounts. The board funded the reserves this year in strict compliance with the most recent professional reserve study. They also place all interest earned back into the reserves account to offset inflation.

Competitive Bids. The association normally requires soliciting three bids for proj-

ects. The board will ask 12 firms to bid on a forthcoming concrete sealing project. Management has a contractual arrangement that the Board should approve all expenditures over $2,000.

Write-offs. The board of directors must approve write-offs of delinquencies more than $10.

Additional Resources

Books available from CAI

Accounting for Managers, by William H. Webster, 2004.

Community Association Finances, Common Sense from Common Ground: A Collection of Articles from CAI's Award-Winning Magazine, 2005.

Condos, Townhomes & Homeowners Associations: How to Make Your Investment Safer, by Patrick Hohman, 2010.

Delinquencies: How Community Associations Collect Assessments, by Loura K. Sanchez, ESQ., and Thomas J. Hindman, ESQ., 2008.

Member Dues: How Community Associations Collect Assessments, by Debra H. Lewin, 2005.

Property Taxes & Homeowner Associations, by George R. Grasser, 2002.

Reserve Funds: How & Why Community Associations Invest Assets, by Mitchell H. Frumkin, P.E., CGP, RS and Nico F. March, CFM, RRP, editors, 2009.

Tips for Protecting Association Finances

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

Best Practices Reports *(available at www.cairf.org)*:

Community Harmony & Spirit

Community Security

Energy Efficiency

Financial Operations

Governance

Green Communities

Reserve Studies/Management

Strategic Planning

Transition

About the 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 volunteer leaders, community managers and other professional service providers, legislators, regulators and the media. Our work is made possible by your tax-deductible contributions.

Your support is essential to our research. Visit www.cairf.org or e-mail foundation@caionline.org.

About Community Associations Institute (CAI)

Community Associations Institute (CAI) is an international membership organization dedicated to building better communities. With more than 32,000 members, CAI works in partnership with 60 chapters, including a chapter in South Africa, as well as with housing leaders in a number of other countries, including Australia, Canada, the United Arab Emirates and the United Kingdom. CAI provides information, education and resources to the homeowner volunteers who govern communities and the professionals who support them.

CAI members include association board members and other homeowner leaders, community managers, association management firms and other professionals who provide products and services to associations. 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 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, innovations and best practices in community association development, governance and management.

We believe homeowner and condominium 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. Our mission is to inspire professionalism, effective leadership and responsible citizenship—ideals reflected in associations that are preferred places to call home. Visit www.caionline.org or call (888) 224-4321.

DEVELOPING FUNCTION-SPECIFIC BEST PRACTICES in the community association industry has been a goal of Community Associations Institute and the Foundation for Community Association Research for several years. The Foundation has developed best practices in select topic areas using a variety of sources, including, but not limited to, recommendations from industry experts and various industry-related publications. The outcomes of the Best Practices project include:

- Documented criteria for function-specific best practices.
- Case studies of community associations that have demonstrated success in specific areas.
- A showcase on community excellence.

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Community Associations Institute (CAI) and the Foundation for Community Association Research are dedicated to conducting research and acting as a clearinghouse for information on innovations and best practices in community association creation and management.

What are Best Practices?

The Foundation for Community Association Research is proud to offer function-specific Best Practices Reports in the community association industry. The Foundation has developed best practices in select topic areas using a variety of sources, including, but not limited to, recommendations from industry experts and various industry-related publications. The outcomes of the Best Practices project include:

• documented criteria for function-specific best practices;
• case studies of community associations that have demonstrated success; and
• the development of a showcase on community excellence.

The benefits of benchmarking and developing best practices include: improving quality; setting high performance targets; helping to overcome the disbelief that stretched goals are possible; strengthening cost positions; developing innovative approaches to operating and managing practices; accelerating culture change by making an organization look outward rather than focusing inward; and bringing accountability to the organization because it is an ongoing process for measuring performance and ensuring improvement relative to the leaders in the field.

The Foundation's entire catalog Best Practices Reports is available at www.cairf.org as a free download and for sale in CAI's bookstore.

Governance and Resident Involvement

It is CAI's purpose to foster vibrant, responsive, competent community associations that promote harmony, a sense of community and responsible leadership. Common characteristics of such community associations include good communication, trust in the management and board of directors, continuing education of board members and homeowners, and uniform, flexible and reasonable enforcement of governing documents. Inclusiveness—the involvement of as many residents of the community as possible—is a critical element in fostering a sense of community.

Looking for a way to assess the governance-related operations of your community association? Minimally, a quality community association should comply with all of the following statements.

- There is a functioning board that meets regularly and that is carrying out its duties and responsibilities as prescribed by applicable laws and governing documents.

- The board has disclosed to the owners the association information that is required by law and the governing documents.

- The association's legal documents, resolutions, books and records are kept in a location that is open to inspection by owners on reasonable notice during regular business hours.

- Owners may attend board meetings, except when the board meets in executive session.

- The board provides for due process (the opportunity to be heard) for owners in association-related matters and the board encourages the use of alternative dispute resolution in appropriate matters.

- The board conducts, and produces minutes of, an annual owners meeting as required by the governing documents.

- Election procedures conform to the governing documents and applicable law, with information regarding the process available to all owners.

- A system is in place to respond to owners' requests for association maintenance and for other association-related matters.

- A system is in place for property inspections and monitoring to ensure proper maintenance and appearance, both current and preventive.

- The board communicates with the owners periodically to provide information concerning the association and to get feedback from the owners.

- There exists a mechanism and procedure for assuring residents' obligations to adhere to the governing documents, and a confidential and safe forum for the resolution of disputes.

- Management is licensed, certified or holds appropriate credentials evidencing its competence to manage the community.

- Appropriate insurance—such as commercial general liability, property damage, directors and officers liability, workers' compensation and fidelity insurance—is maintained by the association as required by the governing documents and applicable law.

- A system is in place to administer property damage and personal injury claims.

- The board budgets for ongoing education of members of the board, particularly for newly elected or appointed members.

The Policy Governance Model
Developed by Dr. John Carver, the Policy Governance model defines the role of the board as this: **the board, on behalf of the owners, must see to it that the organization achieves the desirable while avoiding the unacceptable.** Period. This model of governance allows boards to feel comfortable about delegating the day-to-day operations to staff so they can focus on the bigger picture—longer term needs of the organization. Organizations nationwide have embraced this model with great success. Because it is universally applicable, it works for organizations that are new or mature, large or small, profit or nonprofit and troubled or successful. One example of Policy Governance in action can be seen in First Colony Community Services Association (FCSSA).

First Colony Community Services Association (FCCSA)
FCSSA is a 19-year old master community of 8,428 single family homes, 697 townhomes and condominiums, 3 apartment complexes and various non-residential properties in Sugar Land, Texas. It has a seven member board of directors and is managed by Sandra K. Denton, CMCA®, PCAM®.

In June 2000, FCCSA adopted the Policy Governance model. While the community has not had a full year (at time of this publication) to evaluate its effectiveness, they have seen positive results at the staff and board level. For the first time, the board is spending most of its meetings discussing and planning for the future, versus dealing with operational matters and bemoaning the lack of planning time. Through Policy Governance, the board seeks out members (residential and commercial) in a more pro-active way to be involved in decision making relating to ownership issues. Staff then involves the members in developing plans to achieve those decisions.

In Policy Governance, the FCCSA board believes it has found a superior model of governance which improves the way the association functions and, more importantly, elevates the involvement of the volunteers and members in planning for the future. The board of directors focuses most of their energy on the ends to be achieved by the association, while the staff works on the means to achieve the prescribed ends. At each monthly board meeting, the board spends the majority of its time establishing Ends policies. Ends policies answer the question "What results, for which people, at what cost?" To formulate an Ends policy on a specific topic takes approximately four meetings. The board process includes the following four steps:

1. **Philosophy-Environmental Scan & Partnership Discussion**
   The staff provides the board with a background paper that includes an overview of the topic and a list of invited guest expert speakers and relevant partners in the

community. Neighborhood representatives are mailed a copy of background paper. At the meeting, staff presents background material to the board and the board hears the invited speakers, both experts and partners. Neighborhood representatives are encouraged to discuss the topic with neighbors and be prepared to share feedback with the board at the next meeting.

2. **Member/Public Comment—Board of Directors Dialogue—Draft Consensus**
The board of directors allows time for member/public input. Announcements are included in the newsletter and on the website. Following this, the board of directors discusses what good, for which people, at what cost. Then, if appropriate, staff presents the budget impact.

3. **Review Documentation & Draft Ends Statement**
The staff assists the board in reviewing previous discussions, public comment, background paper, etc. Staff also presents to the board a budget analysis (5-year forecast), if appropriate. The board of directors then drafts the Ends statement.

4. **Adoption of Ends Statement**
The board reviews the final proposed language and adopts the Ends statement, which will be communicated to the membership.

The board then repeats the process with the next issue. Ends development is only one part of the Policy Governance model. Besides the ends to be achieved by the association, board policy will cover three other areas—Executive Limitations, Board-Staff Linkage, and Governance Process. More specifically, Ends prescribe what benefits will occur for which people at what cost; Executive Limitations describes the prudence and ethics boundaries on acceptable staff acts, practices and circumstances; Board-Staff Linkage describes the delegation and accountability linkage through the CEO; and, Governance Process clarifies the board's own job and rules, including how it connects to its ownership.

One very important facet of Policy Governance is that the board has a moral obligation to the ownership or membership of FCCSA. According to Dr. Carver, "… **governance is a 'downward' extension of ownership, not an 'upward' extension of management.**" Therefore, linkage with the membership in as many ways as possible is extremely important for the board to be able to do its job as owner-representative. With Policy Governance, the board of directors, as well as staff, will be able to improve upon their ability to involve the membership in planning for the future.

Extending Policy Governance with a Book of Governance
For years, experienced association managers such as Doug Christison, PCAM, have helped community associations adopt their own book of governance. Also based on the ideas of John Carver, Ph.D., the book of governance establishes the board as a legislative body (the policy maker) and the manager as the executive. The function of the board of directors is to set policy. The function of the manager is to carry it out; thereby creating a more efficient community association.

The book of governance should contain the following: a vision statement, the association's mission and all policies. The vision statement should capture the meaning,

direction and values of the community association. The classic vision of a community is "To protect, maintain and enhance the value of the property." The association's mission is simply to fulfill the vision. The mission and vision are further defined by the association's policies, which make up the bulk of the book of governance. Many communities divide their policies into the following categories: general board policies, procedures, and board and management relationships.

Transition from Developer Control

The first opportunity that owners will have to become involved in their community association is during the process that the association transitions from developer control. This process contains various steps that include, but are not limited to, forming committees, educating homeowners about their role as board and/or committee member, and holding general elections. The following is an example of the process by which one developer successfully transitions its communities to homeowner control.

A Model for Developers

IDI Group Companies is a well-known developer in the Washington, DC metro area that has developed more than 12,000 primarily luxury high-rise condominium units. IDI Group Companies continually demonstrates best practices for developers, such as the right way to bring on a new community association, the right way to negotiate warranty claims and the right way to have people feel they are immediately a part of the community. Below is the basic model used by IDI Group Companies to transfer control from the developer to the association.

- Shortly after 25 percent of new owners in a building settle, a resident orientation is held and owners are encouraged to participate in the committee structure. The committees usually start out with terms of reference and other pertinent information found in a notebook given out to help them become familiar with the community association's structure, etc. Generally, IDI establishes five committees in the beginning—Activities, Budget & Finance, Building & Grounds and Communications & Rules. IDI oversees the Covenants Committee until the owners understand how the due process works.

- When the settlements are nearing 35 to 45 percent of the building, the developer holds an election to place at least two owners on the board. Based on experience, those who are elected are the owners who have been active in the committees, most often Chairs. This also prepares owners to accept responsibility for the building's management sooner than required by law.

- The developer establishes an Ad-Hoc Engineering Warranty Committee comprised of owners who have some engineering or related background to assist in selecting an independent engineering firm to evaluate the building for warranty purposes. Owners are given samples of specs as well as names of firms who are qualified to do this work. Once the engineer provides a report, it is sent to the developer for comment. The developer then meets with the committee and reviews what he is prepared to do and negotiates with the committee and usually the board. This has worked very well over the past 25 years. There has never been a lawsuit or argument about the developer not acting fairly. The owners have been genuinely happy and the only attorney fees involved were

the cost of the attorney to review the engineering report and final settlement papers. Generally, a reserve study is performed at the same time as the engineering study so that the owners are satisfied that the developer provided enough funds to leave the association in good standing.

• By the time it is legally required to place unit owners on the board (50 or 75 percent of settlements), many of the unit owners have already been trained and educated on matters of budget, building structure and so forth. On the night of the election of the full unit owner board, the developer attends to welcome the new board and compliment them on their progress.

The first committee that starts working is the Activities/Welcoming Committee. This group plans the "Get to Know Your Neighbor" parties and attempts to get the residents involved in a social way that makes them feel a part of the community. Residents of the Washington, DC area may have noticed several recent articles in the Real Estate Section of *The Washington Post* that identified what people liked and disliked about their community. The positive comments focused on how people immediately welcomed them into the community and asked them to join the activities. The negative comments consisted of people saying how their neighbors watched them move in but never came over to offer a handshake or a hello. Proper welcoming of all owners is a best practice that will set the tone from the very beginning.

Five IDI-developed properties have won the National Community Association of the Year Award: The Rotonda, Porto Vecchio, Montebello, Belvedere, and ParkFairfax. The lesson to be learned — if the structure is set up correctly in the beginning and properly maintained, it will last a lifetime.

Ways to Promote Resident Involvement
• **Add youth members**—By formal resolution, the Radisson Community Association added youth members to each of its standing committees as a way to involve and empower youth. The person assigned to the board of directors would be a senior member of the youth groups and would not have a vote, but would shadow the board. All others were assigned competitively, as we do with other volunteers, and were voting members of the committee to which they were assigned. This could have been a technical problem since association membership begins at 18 and most of these youth were 15 and up. The board position attracted some attention but no one stuck with it and the position never became institutionalized. The youth regularly attended four of the six standing committees, but have only made an impact and stayed with the Recreation Committee. Those youth that participated and then went off to do other things stated that they had a much greater appreciation for community governance and shared the "we care" message with other youth in the community. The board will recruit new youth members every two years, as the children grow up and out of the community. The resolution, as approved by the Radisson Community Association—a 2,000-home community in Baldwinsville, New York—follows:

WHEREAS the Radisson Community was founded on the principal of individual and
    group participation in cultural, educational, and recreational programs, and
WHEREAS the Community's youth, aged 12–18, represent a significant population, and

WHEREAS the Long Range Planning Committee reports a growing interest among Association members to promote and develop the civic involvement of youth and the delivery of youth-oriented programs, now therefore be it

RESOLVED that commencing January 2000, one or more youth, age 12–18, will be nominated, selected and appointed to positions of "youth representative" on each standing committee, and further

RESOLVED that the Recreation Committee shall establish a sub-committee team to plan and execute youth programs, and further

RESOLVED that two youths, age 15–18, will be nominated, selected and appointed as non-voting youth participants on the Board of Directors.

APPROVED this 25th day of October 1999.

- **Publish a resident handbook**—The Village Cooperative Homes, Inc. in Ann Arbor, Michigan publishes a resident handbook. The handbook includes the following: a new co-owner information sheet, emergency key information sheet, a proxy, the association's key policy, a welcome letter from the board president, a letter from the association's managing agent, helpful area telephone numbers, board member information, and residency rules.

- **Develop a community discount card**—The Village Cooperative Homes, Inc. also negotiates discount with local merchants—a dry cleaner, bakery, and bookstore— for its residents who use the Village Cooperative Discount Card.

- **Send postcard updates**—Community associations frequently use newsletters, flyers and signs to promote community events. Some associations also use postcards as a reminder of upcoming events or to collect feedback. Postcards are both effective and relatively inexpensive as they can be printed for less than photocopying flyers and require less postage to mail. The board of the Woodwinds Council of Co-owners wanted their neighbors' input on a proposed landscaping project. So, the directors of the Reston, Virginia association enclosed a self-addressed, stamped postcard in the newsletter. Nearly 15 percent of the 144-unit garden condominium and town-home community responded. The feedback was so valuable that the association now distributes the postcards up to three times a year.

- **Hold one-on-one meetings with residents**—A couple years age, the Society Hill Towers in Philadelphia, Pennsylvania, noticed a need for improved communication between board members, management and residents of the three-building, 690-unit condominium community. Although the board held open meetings, the setting provided an uncomfortable atmosphere for residents to express their views. In response, the board members made themselves available for regular one-on-one chats with residents. More specifically, four times a year, board members designate an evening to meet with residents, who are assured that at least two to three members of the seven-person board will attend. The meetings are publicized for weeks in advance through as many means as possible. The community's response to the program has been extremely positive. Board members and residents alike agree that the meetings are a valuable source of information and contribute to the quality of the community.

- **Utilize group calling services**—Keeping in touch isn't always easy for a board of directors. So when the local phone company offered residential voice mail—which includes group calling services—the board of the Seneca Park Homeowners Association in Gaithersburg, Maryland decided to try it. The service allows each director to call a voice mail system and leave a message, which is then sent to every member of the board. When a board member has left a message, the other directors hear several beeps when they pick up their phone receivers. Consequently, the board can keep each other informed with only one call. Group calling turned out to be more than a great time saver. The board members agree that the service drastically increased the efficiency of board communications. It saved them from calling special meetings, helped them make faster decisions and allowed then to respond more quickly to resident inquiries. The expense—25 cents per person per call—was minimal. Community associations should contact their local phone company to see if it offers similar services.

- **Send thank you notes**—Homeowners get bombarded with lots of mail regarding the association—special notices, payment books and meeting agendas—sometimes it seems like they're being bombarded with requests and demands. One Maryland manager suggests adding something else to that list—thank you notes. It's a simple way for board members to let homeowners know that their contributions are appreciated. Whether it's for assisting with an official program or just doing a neighborly favor, a thank you note might make the difference between a resident resenting the board and becoming a consistent volunteer.

- **Utilize your newsletter**—Newsletters are a great way to inform residents about community activities, keep them abreast of financial and other managerial decisions, and increase revenue for your association by selling ads to local merchants. It's also a way to show residents how their fees and assessments are being used. Wailea Community Association in Maui, Hawaii put an interesting spin on one of the editions of their newsletter—they did a photo spread of the maintenance and community improvements occurring in the community. This gives owners an opportunity to see how association funds are being used. And, it's great for owners that just skim the articles—you can't miss the pictures!

- **Use friendly terminology**—Would you rather live in a complex or a property? A unit or a home? A Virginia manager suggests that community association boards consider changing their terminology to make residents feel more at home. Here are some other suggestions—use words like pool and tennis court rather than saying amenities; say resident rather than tenant or occupant; or call a work order a service request. But, before making any of these changes, be sure to check with your association's governing documents, local laws and state statutes to determine if they require you to use specific terminology.

Case Studies of Governance and Resident Involvement

case study #1

Braewood Heritage

Size: Gated community of 400 attached homes

Location: Las Vegas, Nevada

Board Size: Nine (9)

Common grounds include three swimming pools, three tennis courts, and an additional tennis court that has been turned into a sports court for the use of the children in the community so that they need not play in the streets. Braewood Heritage employs a certified manager, who has an excellent relationship with the board and the homeowners. Residents have respect for her, as she is open with them and concerned with their issues. She also serves as a liaison with the residents for anyone who might need errands run, a ride to an appointment or lawn care due to illness.

The association's board of directors meets monthly. Newsletters are also sent monthly with the minutes from board meetings, agendas for the next meeting, and a calendar of events. There are usually 10 to 20 homeowners in attendance at the board meetings. The board always allows a period of time at the beginning of the meeting for the residents' input.

Annual homeowners' meetings are well attended. There has never been a problem with quorum. The meetings run smoothly because there has been continual communication and openness with the residents. The homeowners also appreciate the fact that the board takes seriously its duty to "protect, maintain and enhance" the values of the properties. The CAI Nevada Chapter's Homeowner Council holds educational seminars on the premises to help educate homeowners and board members. Residents and board members from other associations are always welcome.

Kay Dwyer admits the CC&R's are complex, mostly due to Nevada's legislated requirements. However, their attorney is helpful in sorting out these issues. Should there be a need for changes in the CC&R's, the board holds two workshops for the homeowners prior to any voting. The last time there was a vote on an issue, it passed overwhelmingly on the first ballot. There are few infractions of the CC&R's and Rules and Regulations—mostly parking and barking dogs. There had previously been problems with scooters, but now they are to be used within a designated area. CC&R's and Rules and Regulations are uniformly enforced. A committee determines the rules and regulations, which were reviewed and re-written in 1998. If there is a resident who seems to be in conflict or confrontational, that resident is invited to give input and assistance with that particular issue. This generally resolves the confrontation.

Although it can be difficult to get residents to serve on committees, when there is a necessity and volunteers are requested, there is not a problem. For example, an ad-hoc committee was formed consisting of about six homeowners and two board members to develop a five-year plan for the association. Among other things, the committee hopes to expand the clubhouse and build a larger office for the manager. As for social events,

the owners held a parade on the Fourth of July and a home tour at Christmas time so that residents could see renovations done by other homeowners. Both were a great success. The residents form their own social groups for crafts, cards, swimming and such.

case study #2

Northgate Homeowners Association

Size	101 single-family homes
Location:	Las Vegas, Nevada
Board Size:	Three (3)

This community is run by a certified manager who brings knowledge, professionalism, experience, leadership and an objective opinion to the association. Governance is efficient and acceptable to the residents because the board and manager are proactive in resolving issues before they become problems. Both board and manager are fair and respectful to the homeowners, listening to their issues and requesting that homeowners assist with providing solutions to any problems that may arise. The board of directors meets every two months, with approximately ten homeowners at every meeting. There is usually membership input for approximately thirty minutes of every meeting.

Prior to annual homeowners' meetings, secret written ballots are mailed. The quorum was lowered to twenty (20%) percent, and there has been no problem with achieving quorum since. Annual meetings run smoothly and there are typically guest speakers from the city or county, refreshments are served and there is a raffle drawing for gift certificates.

CC&R's are being updated, as the present CC&R's are lengthy and in some sections poorly written. There are few infractions, mostly minor in nature. Rules and regulations are common sense rules and guidelines, such as when trash should go out, lawn maintenance responsibilities and so forth. Reviewed annually, the rules and regulations were developed by a membership committee and sent to all homeowners for review. They were then modified based upon homeowner input, and finally approved by the board of directors.

Developer transition issues still remain. Consequently, the manager continues to work for a smooth transition with the board and homeowners by showing there are common goals of developing a beautiful community backed by an efficiently run association. Board members are encouraged to make themselves available to the educational opportunities sponsored by the CAI Nevada Chapter. In addition, a three-hour seminar on "how to be a board member" is provided by an outside source. Homeowners are also encouraged make themselves available for CAI educational opportunities and information is regularly mailed to the homeowners regarding changes in Nevada's Common Interest Community statute, the ombudsman's office, etc.

Three social events are planned each year—two garage sales and the annual meeting. There are no formal programs in place for assisting residents, but lawn care in the event of illness, for instance, is available. Every two months there is some form of communication with the homeowners. There is a bulletin board on the gate on which

residents may post their needs, wants and issues. Approximately 20 percent of the community is involved with committees or the board of directors, their involvement being motivated by the desire for a good community.

case study #3

Third Creek Homeowners Association

Size:	151 condominiums
Location:	Incline Village in northern Nevada
Board Size:	Seven (7)

Third Creek is an established association whose board of directors meets every other month, or six times per year, in addition to an organizational meeting following the annual meeting to elect officers. There are usually four to ten units represented at the board meetings. The board allows comments from the owners throughout the meeting. Informational letters with board meeting notices are sent to the residents six to eight times a year. Owners who cannot attend meetings call the manager to express their opinions on association issues. Owners also will communicate with other owners prior to a vote on a big issue. Many board members attend CAI functions and work at staying current with community association issues. The manager also mails educational updates to all board members about four times a year.

Voting for board members is done by secret ballot, as required by Nevada's Common Interest Community statute. Voting on other issues is by written ballot, which is included on the proxy mailed to all owners. Owners can also vote in person at the annual meeting. There is no problem with quorum except for the budget ratification meeting, which is held in late November for the sole purpose of ratifying the budget. Most owners feel no need to attend this meeting because by this time their questions regarding the budget have been answered. Annual meetings run smoothly because of good communication prior to the meeting regarding the issues, detailed preparation and anticipation of problems that may arise during the meeting. In addition, a good facilitator runs the meeting.

For the most part, the CC&R's are simple with a select few that require interpretation. Amendments are needed to remove developer language and to make them more easily understood. There are few infractions of the governing documents, with most owners making corrections when violations are brought to their attention. Rules and regulations are quite rigid, but the board is very flexible with enforcement, using a common sense approach to violations. Rules and regulations are reviewed about every two years with input from the membership. The manager handles 95 percent of the problems that arise with members. Where procedures to not address a situation or the owner is not satisfied with the manager's decision, the issues are turned over to the board for direction and resolution. The manager talks with the board president at least weekly and with the other board members at least monthly.

Third Creek development began in 1982, but because several developers went bankrupt, the developer transition did not occur until 1994. The project was built in seven phases under four developers and five different builders. The association is currently in construction defect litigation with two developers and two general contractors. Although this association has faced several difficult issues in the past year, the board has been open, honest and communicative with the residents, explaining the various issues. As a result, the board has had the support and cooperation of the residents in the resolution of some of these issues. The residents and the board are working together in negotiations on other issues, which will avoid litigation. Community spirit has been enhanced through these joint efforts.

case study #4

Tapatio II

Size:	73 condominiums
Location:	Henderson, Nevada
Board Size:	Three (3)

In 2000, there was a smooth transition from the developer, with items of concern being taken care of to the board's satisfaction. Most board members are CAI members and attend CAI's seminars for educational purposes. The board of directors meets bimonthly, with homeowners in attendance given the opportunity to speak. The board is fair, taking all facts into consideration before making a decision. The board has a high visibility, is easily accessible and works hard to make sure the rules are followed while taking into consideration the particular situations of the residents. There is good communication between the board, the owners, and the manager. The manager follows the board's directions, monitors violations and attends all meetings.

Annual homeowners' meetings are held in compliance with Nevada's Common Interest Community statute, as are voting procedures, and there has never been a problem with quorum. Annual meetings run smoothly due to strong organization and a president who keeps to the agenda. CC&R's have also been revised to comply with Nevada's Common Interest Community statute and are very user friendly. There are few violations. Rules and regulations are flexible and considerate of individual situations. These are reviewed annually with membership input.

Tapatio II has several social events throughout the year including potlucks, poolside get-togethers and a Christmas decoration contest. A newsletter is produced by the secretary of the homeowners' association and is published bi-monthly. Residents tend to get involved because Tapatio II is a small community and everyone knows their neighbors. Most of the residents feel connected. There is community spirit and a desire to continue to make the community a good place to live.

Green Valley Ranch Association

Size: Master association of 3,907 apartments, town homes and single-family homes. There are 32 sub-associations, of which sixteen are gated communities.

Location: Henderson, Nevada

Board Size: Seven (7)

Now under owner control, Green Valley Ranch Community Association's board of directors meets monthly, with approximately 20 to 30 members attending. Members are given an hour in which to speak prior to the board's discussions. Elections for the annual homeowners' meetings are by proxy and secret ballot. Annual meetings run smoothly because of thorough planning, calling and communications. Members of the board of directors are provided training, including updates on new laws and the community.

A monthly delegate meeting is held to help facilitate communications between the board and homeowners. In addition, the board has adopted committee charters with a board member meeting with each committee to provide help and direction. The Legal Committee meets on a monthly basis with the developer and its general counsel to discuss transition issues and to assure communication between the developer and the association.

Governance in this community is efficient and acceptable to homeowners because of constant communication via the Web site, newsletter, special notices and social events. The newsletter is mailed to all residents every other month and has gone from four pages to twelve pages because of the residents' appreciation for communication within the community.

The board of directors realized that building a real community was a key priority in helping to weather the transition from the developer, which was underway in 2000. Social events for residents helped to resolve issues related to the transition. These social events included a summer "open house" at which owners could have their questions answered by individuals or committees in a social setting. Tables with information about the committees were set-up. The Henderson Police Department, association management company and landscape contractor also had tables. T-shirts with the Green Valley Ranch logo were displayed and sold at-cost to residents. A fall "hoe down" was held in a local park within the community. Local merchants and residents who own businesses in the community were also involved. There have been other social events as well, including special socials for children. All of the events have been extremely well attended.

President's breakfasts are held quarterly to invite city of Henderson officials, board of directors, the developer's representatives, delegates and presidents of the sub-associations for the purpose of working together to resolve issues facing the community. The board created a Political Action/City Liaison Committee for the purpose of working with the city of Henderson on issues facing Green Valley Ranch. This has been so successful that the city is involving the board in several other areas where community input is needed. Residents volunteer readily for the board and committees because they are dedicated to improving property values and building a sense of community.

SECTION TWO
Conflict Resolution

Community associations face an interesting challenge: they function very much like a government, including having the authority to enact and enforce "laws." Yet some residents do not recognize this jurisdiction and simply feel no obligation to abide by the rules set down in the community's governing documents, particularly the covenants, conditions, and restrictions (CC&Rs). Inevitably, conflict arises.

Resolving conflicts between residents and the association is a difficult and delicate task for boards of directors. Boards have an obligation to enforce the CC&Rs because that's how they maintain the appearance and value of the community and ensure a high standard of livability for all residents. On the other hand, residents are neighbors and friends, and they are entitled to reasonable treatment.

Ways to Resolve Conflict

CAI recommends the following progression of steps to resolve conflict successfully when it does occur:

- Start with a casual conversation. Perhaps the resident is simply unaware of a particular rule or is in the process of correcting it already. Get some information, gauge the resident's attitude, and offer to help.

- Send a friendly letter reminding the resident of the conversation. The letter should state the rule that has been violated, and it might explain why it's important for all residents to observe the rules. Be positive, and again offer to help.

- Send a second letter. Be business-like and firm, and cite the specific section of the CC&Rs that has been violated. Give the resident a date when the problem must be corrected, and grant a reasonable amount of time. Explain what will happen if the problem isn't resolved by the specified date. For example, the letter may state that the association will suspend privileges or impose financial penalties.

- Send official notification that the association is about to take action. Schedule a hearing when the resident may address the association. Be willing to negotiate a date and time that allows the resident to attend.

- Conduct a fair hearing and treat the resident with respect. Avoid a confrontational situation. Allow the resident to bring witnesses or counsel to the hearing, and let them know when they can expect a decision. The panel hearing the case may comprise members of the board or rules committee, the managing agent, or some combination of these. In some serious cases, association counsel may be invited to observe.

- After the hearing the board will decide how to proceed. There are numerous options, and the board should be willing to compromise on a solution that achieves the desired result. For example, the board may grant an extension of time to comply with the rule, suggest an alternative solution, suspend privileges, impose monetary penalties, or some combination of these.

- Allow the resident to appeal the decision. Be sure the body hearing the appeal is different than those who participated in the hearing or decided its outcome. For example, a panel of past board members might comprise an appeals committee—these individuals have a history in the community and knowledge of the governing documents, but they're removed from current governance and operations.

- Pursue alternative disputed resolution (ADR) options if the association and the resident cannot resolve their differences.

Alternative Dispute Resolution (ADR)

ADR is less costly and more productive than litigation. It is comprised of three phases: negotiation, mediation, and arbitration. In negotiation, the parties identify the issues, educate one another about their needs and interests, propose settlement options, and bargain over the final resolution. In mediation, a neutral mediator facilitates the negotiation between the association and resident to help them agree on a solution that is acceptable to each of them. In arbitration, a neutral arbitrator hears both sides of the case and renders a decision based on evidence and testimony. An arbitrator's decision is as legal and binding as a court decision; however, the process is much less formal and far less expensive.

Ways to Minimize Rules Violations

In addition, there are several actions the association can take to minimize rules violations, reduce conflict between residents and the community and to build consensus. For instance, the community association can:

- Educate residents about the rules—what they are, why they are important, why compliance maintains property values, and so on. Use every vehicle and opportunity to remind residents of the rules.

- Enforce rules consistently and even-handedly.

- Intervene as early as possible; don't allow the violation to continue or to become serious.

- Modify association governing documents or pass a resolution confirming the association's commitment to alternative dispute resolution.

- Establish a policy that outlines how the association will resolve conflicts. This policy may suggest timelines, hearing procedures, hearing panel composition, and support the association's commitment to alternative dispute resolution. Adhere to the policy and apply it in all situations.

Appendices 1–3 contain a sample dispute resolution policy, a provision for mediation, and a provision for the selection of a mediator for large communities to assist community associations with the modifications of governing documents.

Case Studies of Conflict Resolution

case study #1

Northgate Homeowners Association

Size: 101 single-family homes

Location: Las Vegas, Nevada

Board Size: Three (3)

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Should there be a violation of a governing document, the goal of the community is to obtain reasonable compliance. The first step is a friendly letter to remind the homeowner that there has been a violation. If the issue is not resolved at this stage, a second letter is sent, and, if necessary, followed by a request for a hearing. The board and management handle the compliance issues, and feel the best way to mitigate a problem is to have the homeowner understand and agree with the solution.

Violations of governing documents are quite infrequent and so far all have been resolved within the community. Thus, formal ADR processes have not yet been necessary. Attorneys are used prudently when, for example, there is need for interpretation of the law or documents, or in a complex issue.

case study #2

Third Creek Homeowner's Association

Size: 151 condominiums

Location: Incline Village in northern Nevada

Board Size: Seven (7)

The board believes that all owners have the right to be heard. So far, the board and owners have worked out their problems in a mutually acceptable resolution in all disputes. Since disputes are infrequent, the association has never been involved in mediation or arbitration by outside parties. All disputes, other than the construction defect lawsuit, have been resolved within the community. Attorneys are generally used for such advice as, "Does the board's proposed resolution sound fair?" or "Is it legal?"

case study #3

Tapatio II

Size:	73 condominiums
Location:	Henderson, Nevada
Board Size:	Three (3)

The association's governing documents provide for hearings by the board of directors on any conflicts or violations that may arise. Every effort is made to come up with a win-win solution to each issue. Issues are infrequent and, so far, all have been resolved within the community. At this point, attorneys haven't played a role in any of these conflicts.

case study #4

Green Valley Ranch Community Association

Size:	Master association of 3,907 apartments, town homes and single-family homes. There are 32 sub-associations, of which 16 are gated communities.
Location:	Henderson, Nevada
Board Size:	Seven (7)

Governing documents provide for an enforcement policy and a compliance committee. The board attempts to conciliate any problems. While issues such as parking, signs and landscaping are frequent, ninety-nine percent of the violations are resolved within the community. Violations are referred to an attorney only when many attempts have been made without success to resolve the situation. Mediation through the Nevada Real Estate Division is the process that is used and there is usually a resolution through that process. So far, no issues have gone to arbitration or litigation.

case study #5

Heron's Cove Condominium

Size:	406 units
Location:	Montgomery Village, Maryland
Board Size:	Five (5)

The bylaws of Heron's Cove Condominiums give the board of directors authority to take action to enforce the obligations of the unit owners under both the bylaws and the association rules and regulations. In order for action to be considered on a reported grievance, a written statement must be submitted. The board of directors distributes a grievance form to assist residents with presenting their grievance to the board. On the grievance form, the board/management specifies that they are not required to respond to each complaint and that they reserve the right not to hear grievances that aren't within the scope of the board's jurisdiction. The grievance requires that residents fill in the following information:

- Contact information for self and the person(s) involved in the dispute
- The action that occurred that prompted the grievance
- Date/location of incident
- Pet name/description/owner (if applicable)
- Names/contact information of witnesses
- Additional comments

Board members hear appropriate cases and decide on a fair and reasonable solution. Thus far, the process has been very successful in preventing the escalation of conflicts.

Appendix #1: Sample Dispute Resolution Policy

Any owner or occupant must give written notice to the board requesting a hearing with the board and must attend such hearing to discuss amicable resolution of any dispute before that owner or occupant files any lawsuit against the association, the board, any director, or any agent of the association. The owner or occupant shall, in such notice and at the hearing, make a good faith effort to explain the grievance to the board and to resolve the dispute in an amicable fashion, and shall give the board a reasonable opportunity to address the owner's or occupant's grievance before filing suit. Upon receiving a request for a hearing, the board shall give notice of the date, time and place of the hearing to the person requesting the hearing. The board shall schedule this hearing for a date neither less than seven (7) nor more than twenty-one (21) days from the date of receipt of the notice of hearing by the person requesting the hearing.

Appendix #2: Sample Provision for Mediation

A. Dispute Resolution

No dispute between any of the following entities or individuals shall be commenced until the parties have submitted to non-binding mediation: Owners; Members; the Board of Directors; officers in the Association; or the Association.

Disputes between Owners that are not regulated by the Declaration shall not be subject to the dispute resolution process.

B. Outside Mediator

In a dispute between any of the above entities or individuals, the parties must voluntarily submit to the following mediation procedures before commencing any judicial or administrative proceeding. Each party will represent himself/herself individually or through an agent or representative, or may be represented by counsel. The dispute will be brought before a mutually selected mediator. Such mediator will either be an attorney-mediator skilled in community association law, a Professional Community Association Manager ("PCAM®") as certified by the Community Associations Institute, or a Certified Property Manager ("CPM®") as certified by the Institute of Real Estate Managers. In order to be eligible to mediate a dispute under this provision, a Mediator may not reside in _____, work for any of the parties, represent any of the parties, nor have any conflict of interest with any of the parties. The Board shall maintain a list of no less than five (5) potential mediators, but the parties will be in no way limited to their choice by this list. Costs for such mediator shall be shared equally by the parties. If the parties cannot mutually agree upon the selection of a mediator after reasonable efforts (not more than thirty (30) days), each party shall select their own mediator and a third will be appointed by the two selected mediators. If this selection method must be used, each party will pay the costs of their selected mediator and will share equally the costs of the third appointed mediator.

C. Mediation is Not a Waiver

By agreeing to use this Dispute Resolution process, the parties in no way waive their rights to extraordinary relief including, but not limited to, temporary restraining orders or temporary injunctions, if such relief is necessary to protect or preserve a party's legal rights before a mediation may be scheduled.

D. Assessment Collection and Lien Foreclosure

The provisions of this Declaration dealing with Alternate Dispute Resolution shall not apply to the collection of assessments and/or the foreclosure of the

Assessment Lien by the Association as set out in the Declaration.

E. Term

This Article XV, Alternative Dispute Resolution, shall be in full force and effect for an initial period of three (3) years from the date of execution of this Declaration. However, this Article shall remain in full force and effect unless, at the first open meeting of the Association after such initial period, a majority of the Board of Directors votes to terminate the provisions of this Article XV, Alternative Dispute Resolution.

Appendix #3: Sample Provision for Selection of Mediator— Large Community

Section 1. Dispute Resolution. No dispute between any of the following entities or individuals shall be commenced until the parties have submitted to nonbinding mediation: Owners; Members; the Board of Directors; officers in the Association; or the Association. Disputes between Owners that are not regulated by the Declaration shall not be subject to the dispute resolution process.

Section 2. Outside Mediator. In a dispute between any of the above entities or individuals, the parties must voluntarily submit to the following mediation procedures before commencing any judicial or administrative proceeding. Each party will represent himself/herself individually or through an agent or representative, or may be represented by counsel. The dispute will be brought before a mutually selected mediator. Such mediator will either be an attorney-mediator skilled in community association law, a Professional Community Association Manager ("PCAM®") as certified by the Community Associations Institute, or a Certified Property Manager ("CPM®") as certified by the Institute of Real Estate Managers. In order to be eligible to mediate a dispute under this provision, a Mediator may not reside in _____, work for any of the parties, represent any of the parties, nor have any conflict of interest with any of the parties. The Board shall maintain a list of no less than ten (10) potential mediators, but the parties will be in no way limited to their choice by this list. Costs for such mediator shall be shared equally by the parties. If the parties cannot mutually agree upon the selection of a mediator after reasonable efforts (not more than thirty (30) days), each party shall select their own mediator and a third will be appointed by the two selected mediators. If this selection method must be used, each party will pay the costs of their selected mediator and will share equally the costs of the third appointed mediator.

Section 3. Mediation is Not a Waiver. By agreeing to use this Dispute Resolution process, the parties in no way waive their rights to extraordinary relief including, but not limited to, temporary restraining orders or temporary injunctions, if such relief is necessary to protect or preserve a party's legal rights before a mediation may be scheduled.

Section 4. Assessment Collection. The provisions of this Declaration dealing with Alternate Dispute Resolution shall not apply to the collection of assessments by the Association as set out in the Declaration.

Section 5. Term. This Article XV, Alternative Dispute Resolution, shall be in full force and effect for an initial period of three (3) years from the date of execution of this Declaration. However, this Article shall remain in full force and effect unless, at the first open meeting of the Association after such initial period, a majority of the Board of Directors votes to terminate the provisions of this Article XIV, Alternative Dispute Resolution.

Additional Resources

Books available from CAI

The Board President: Roles & Responsibilities in Community Associations, by Robert T. Dennistoun, 2005.

The Board Secretary: Roles & Responsibilities in Community Associations, by Anita Hagerty Schenk, PCAM, and P. Michael Nagle, ESQ., 2004.

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Strategic Planning

Transition

About the 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 volunteer leaders, community managers and other professional service providers, legislators, regulators and the media. Our work is made possible by your tax-deductible contributions.

Your support is essential to our research. Visit www.cairf.org or e-mail foundation@caionline.org.

About Community Associations Institute (CAI)

Community Associations Institute (CAI) is an international membership organization dedicated to building better communities. With more than 32,000 members, CAI works in partnership with 60 chapters, including a chapter in South Africa, as well as with housing leaders in a number of other countries, including Australia, Canada, the United Arab Emirates and the United Kingdom. CAI provides information, education and resources to the homeowner volunteers who govern communities and the professionals who support them.

CAI members include association board members and other homeowner leaders, community managers, association management firms and other professionals who provide products and services to associations. 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 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, innovations and best practices in community association development, governance and management.

We believe homeowner and condominium 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. Our mission is to inspire professionalism, effective leadership and responsible citizenship—ideals reflected in associations that are preferred places to call home. Visit www.caionline.org or call (888) 224-4321.

DEVELOPING FUNCTION-SPECIFIC BEST PRACTICES in the community association industry has been a goal of Community Associations Institute and the Foundation for Community Association Research for several years. The Foundation has developed best practices in select topic areas using a variety of sources, including, but not limited to, recommendations from industry experts and various industry-related publications. The outcomes of the Best Practices project include:

- Documented criteria for function-specific best practices.
- Case studies of community associations that have demonstrated success in specific areas.
- A showcase on community excellence.

best practices

REPORT #9

Green Communities

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best practices

Community Associations Institute (CAI) and the Foundation for Community Association Research are dedicated to conducting research and acting as a clearinghouse for information on innovations and best practices in community association creation and management.

What are Best Practices?

The Foundation for Community Association Research is proud to offer function-specific Best Practices Reports in the community association industry. The Foundation has developed best practices in select topic areas using a variety of sources, including, but not limited to, recommendations from industry experts and various industry-related publications. The outcomes of the Best Practices project include:

 • documented criteria for function-specific best practices;
 • case studies of community associations that have demonstrated success; and
 • the development of a showcase on community excellence.

The benefits of benchmarking and developing best practices include: improving quality; setting high performance targets; helping to overcome the disbelief that stretched goals are possible; strengthening cost positions; developing innovative approaches to operating and managing practices; accelerating culture change by making an organization look outward rather than focusing inward; and bringing accountability to the organization because it is an ongoing process for measuring performance and ensuring improvement relative to the leaders in the field.

The Foundation's entire catalog Best Practices Reports is available at www.cairf.org as a free download and for sale in CAI's bookstore.

best practices

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Introduction

Naturalist John Muir fell in love with the glens of Yosemite more than 100 years ago, declaring, "In God's wildness lives the hope of the world."[1] We appreciate the comforts of HVAC (heating, ventilating, and air conditioning) and the amenities of civilization but also want a better, greener world. We are working toward such a world. By the first decade of this century, Americans will have shopped in environmentally friendly ways in record numbers.[2] We recycled more, even assuring that we recycled our relatives in burial in an eco-friendly way.[3] Some of us earned college degrees in sustainability and eco-sensitive design. And we formed cooperatives and purchased homes in planned communities that are environmentally attuned to our shade-of-green preferences.

This report explores "greenness" in communities, in their varied forms. It considers the concept of sustainability through better designs, new technologies and social innovations. Sustainable communities are developed to meet the "needs of the present without compromising the ability of future generations to meet their own needs."[4] They are regenerative, meaning they have "processes that restore, renew or revitalize their own sources of energy and materials, creating sustainable systems that integrate the needs of society with the integrity of nature."[5]

As community managers and association leaders, we hold in the back of our minds the question: Can we improve the world for future generations? Sustainability is, in a general sense, the capacity to maintain a certain process or state indefinitely. In recent years, the concept has been applied to humanity, expressed as meeting the needs of the present population without compromising the ability of future generations to meet their own needs.[6] Can we set sustainability goals? Can we measure how well we are achieving them?[7] And can we produce a feedback loop to observe, communicate and celebrate our successes? This report seeks to answer some of those questions.

The credo for sustainability is, "Think globally, act locally."[8] Consider this common-sense caveat: that each community's resource savings, its greenness or its sustainability planning and acceptance should not come at the expense of the residents. What is accepted as the right behavior in one community should not be dictated as required for all. In this report we will explore the countless ideas and resources that professional managers and community leaders can use to help their association "go green."

A green community should do the following:

- Pick up litter.
- Recycle and reuse (waste diversion vs. waste disposal).
- Save water, store water, catch rainwater.
- Maintain energy efficient buildings, either retrofitting existing or building anew.
- Manage land and lakes for environmental preservation and conservation.
- Make its membership aware of green products and services available to them.
- Use energy efficient transportation.

SECTION 1

Defining Green

Community association developers and leaders are increasingly embracing green thinking and design. Initially, this was monetary-driven happenstance rather than green-driven planning.[9] In the 1960s, large-scale, master-planned communities such as Reston, Va.; Irvine, Calif.; and Columbia, Md. emerged with design focused on land preservation. [10]

Reston developer Robert Simon hired Conklin Rossant Architects as master planners to incorporate higher-density housing so open space could be available, conserved and managed. He persuaded the Fairfax County Board of Supervisors to pass an ordinance making possible the clustering of housing closely together so that open space with fields and trees could serve as large areas of commonly held land to improve the physical appearance and the environmental quality of the community.[11] This same grass roots approach of community groups influencing government occurred in Latin America in the 1990s.[12]

Similarly, when the University of California asked The Irvine Company for 1,000 acres for a new campus in 1959, the company agreed. California accepted the land and purchased an additional 500 acres. The university's consulting architect, William Pereira, and Irvine Company planners drew up master plans for a city of 50,000 people surrounding the university. Planning included industrial zones, residential and recreational areas, commercial centers and greenbelts.[13] [14]

Columbia, Maryland was formed with the goal of creating "a garden for the growing of people."[15] Green as a concept did not arrive in the common consciousness until the 1970s with the first Earth Day celebrations. CAI recommended that managers consider this for their communities in the mid-1980s. Clearly, communities were green in land planning and resource usage long before green was an accepted concept.

Nevertheless, the core purposes of community associations create some sustainable practices and approaches, even in communities without green language in their covenants. Planned communities exist to improve members' quality of life,[16] [17] because they offer choices, lifestyles, amenities and, most importantly, efficiencies that people value.[18] Architects, landscape architects and developers initially conceived planned communities as places where many community members could share resources, thereby saving each member the cost of building resources themselves.

Out of the community association concept came the sustainable idea of saving energy and resources. Developers have found that they enjoy a competitive advantage by constructing new communities with common recreational amenities and provision of some services. These forms of development require some type of homeowners association to manage the common amenities and deal with maintenance and service issues.[19] For example, instead of 100 association members having 100 private backyard swimming pools, the association builds a single common pool to provide economies of scale, both in maintenance and replacement costs and resources used.

The core values of a community association lead to sustainability, too. For example, care and respect for neighbors are integral to planned communities,[20] as are values such

as a community's aesthetics and its environmental quality. This leads to green practices such as ensuring a proper appreciation, valuation and restoration of the natural surroundings of the community and the environment, even in an urban setting. Some urban communities are creating green rooftops to improve members' quality of life. For example, in Kansas City, Mo.,[21] green roofs slow down rain runoff into existing overtaxed storm water sewer infrastructure. Consequently, the Kansas City municipal government wants more of them.[22]

Additionally, core values facilitate community-wide participation in sustainable practices such as recycling and community litter pickup. In some cases, communities receive reimbursements from state and local governments for their community litter pickup programs.[23]

Core values further lead to an insistence on sound community governance on environmental policies and rules that foster community spirit and unity. Cohousing, a concept that arose in Denmark more than 30 years ago and came to the U.S. in 1991 with the completion of the first multi-generational neighborhood in Davis, Calif., does this by letting the community establish its own rules.

In this arrangement, homes cluster around a pedestrian street or green with the common house as a focal point. The common house typically features a kitchen, lounge with a television, guest rooms and laundry.[24] Such pooled resources are ecologically smart. For example, the availability of guestrooms permits individual members to have smaller homes with no loss of comfort.

With cars typically parked on the periphery, the neighborhood becomes pedestrian friendly. Cohousing also typically encourages play areas, sports fields and daycare. Landscape maintenance equipment is shared among the group. The community does some bulk purchasing of food, and several communal meals per week save energy for all.

Good governance considers restrictive covenants, including eco-friendly practices. Guidance on solar panels may be a matter of community preference. Similarly, some communities see clotheslines as aesthetically pleasing as flowering fields, while others do not.[25] Communities will create the rules that fit the vision and mission of that association.[26] [27] That said, more and more state legislatures have passed laws superseding governing documents that prohibit both solar panels and clotheslines.

New Urbanism takes a different approach from cohousing. Arising in the 1980s in the U.S., it was a pushback against suburban sprawl. Through planning and design, New Urbanism communities are designed to contain diverse jobs and to be as walkable as cohousing. However, they do not provide cohousing's communal aspects of day-to-day living. The most renowned example of New Urbanism is Disney's Celebration in Florida. Another noteworthy example is Kentlands in Gaithersburg, Maryland.[28]

A planned community empowers its association members to foster and encourage green ideas appropriate for it. It respects neighborhood preferences and is active in allowing for diversity, including the neighborhood's natural environment biodiversity. This may yield phenomenal results, such as allowing hawks to return to nests on Fifth Avenue in New York City to raise their young[29] [30] or even allowing songbirds to return to Versailles.[31]

Why Go Green?

Association leaders should do what works for the community, not what green planners dictate. What designers plan, even with the best of intentions, is not necessarily what association members or employees will hold dear. For example, residents in desert areas like Phoenix generally prefer relatively water-intensive plantings, including turf grass (sod), around their homes even though they claim they find desert landscapes appealing.[32] The resulting irrigation accounts for more than two times the national average of gallons of water per day.

Remember, little changes help quite a bit. Even on small things, such as the meetings you hold, you can be greener for your community.[33] [34] Consider these possibilities:

- If you are renting a space, ask meeting facility managers what they can do to help you reuse, recycle and reduce for your meeting.
- Use china and glass for food service instead of disposable items.
- Buy recycled paper for invitations, posters and paper supplies.
- Supply pitchers of fresh ice water instead of bottles of water.
- If you have food service, ask for bio-compostable plates and utensils.

Identify and use local and organic food and beverage suppliers. Pick meeting locations located on mass transit routes and publicize and encourage the use of mass transportation to attend the function.

Source products that are reusable (name tags, binders, grease boards), made from recycled content, use little or no packaging or packaging that contains recycled or reused materials and are recyclable or compostable on site or in community programs.

Donate food leftovers to food rescue programs in the community.

The Value of Green to Your Community

Do not underestimate the financial benefits of going green. The State of California's 2003 report on building green indicated that minimal increases in upfront costs of about 2 percent to support green design would, on average, result in lifecycle savings of 20 percent of total construction costs—more than 10 times the initial investment.[35] (A "green building" is defined as one designed or modified to conserve resources and reduce negative impacts on the environment, whether it is energy, water, building materials or land.[36]) A report to the American Institute of Architects showed building green schools costs $3 per square foot more but saves $71 per square foot.[37]

Figures below represent ranges for all U.S. regions, based on a 2,000 square foot unit. Actual results will vary depending on local climate, age and condition of your unit, energy costs and lifestyle.

Action	Cost	Savings	Payback
Energy Star™ programmable thermostat	$115	$15 to $200 per year	Less than 1 year
Heating & cooling system tune-up	$191	$115 to $140 per year	9 months to 1.5 years
Professional air leak sealing	$550	$215 to $400 per year	At least 2 years
Professional duct sealing	$450	$225 to $370 per year	At least 2 years

You may also realize significant savings by going green in vehicle use. Keeping tires properly inflated saves about 10 cents per gallon, while extending the tires' life. Replace dirty air filters on vehicles and improve gas mileage by up to 10 percent.[38]

While each vehicle reaches its optimal fuel economy at a different speed (or range of speeds), gas mileage usually decreases rapidly at speeds above 60 mph. You can assume that each 5 mph you drive over 60 mph is like paying an additional 30 cents per gallon for gas. Aggressive driving (speeding, rapid acceleration and braking) wastes gas. It can lower your gas mileage by 33 percent at highway speeds and by 5 percent around town.[39]

When buying a fuel-efficient vehicle, your choice of transmission will directly affect the cost of the vehicle and its fuel consumption. Generally, a manual transmission is more fuel efficient than an automatic, assuming you shift properly. If you buy an automatic, the more gears, the better.[40]

Yet another way to gain financial benefits is through plantings. Replacing lawns with native shrubs and trees reduces the need for watering, mowing and lawn chemicals.[41] Xeriscaping, defined as landscaping that reduces or eliminates the need for irrigation, can yield substantial savings.[42]

The Million Trees Los Angeles initiative researched the benefits of planting a million new trees between 2006 and 2010. Numerical models were used with geographic data and tree size information for coastal and inland climate zones to calculate annual benefits and their monetary value. Benefits for the one million-tree planting for the 35-year study period (2006-2040) were between $1.33 billion and $1.95 billion. Average annual benefits were $38 and $56 per tree planted.[43]

Going green also yields profound health benefits. The nation's buildings account for 48 percent of the country's greenhouse gas emissions, including the annual energy required to operate residential commercial and industrial buildings along with the embodied energy of building materials such as carpet, tile, glass and concrete.[44] By 2010, U.S. buildings will emit 500 million metric tons of carbon dioxide.[45]

Community volunteers and workers enjoy immediate health benefits when they are in a green building. On the other hand, some traditional buildings can adversely affect employee health. Managers can reduce absenteeism and abate health costs by creating green building workplaces with safe, healthy, comfortable indoor environments. Internal environmental quality determiners such as thermal, lighting (including daylight), ventilation (carbon dioxide rate), and air quality standards are predictors for such extremes as sick-building syndrome, allergies and asthma and short-term sick leave because of respiratory illness.[46] A study at Herman-Miller showed up to a seven percent increase in worker productivity following a move to a day-lit facility.[47] A study from Lawrence Berkeley National Laboratory found that U.S. businesses could save as much as $56 billion through fewer sick days and an additional $234 billion in worker performance through improvements to indoor air quality.[48] Corporations with green buildings improved employee health one to 20 percent,[49] which in turn improved productivity.

Another interesting fact is the shade from trees can reduce ambient air temperatures by five to eight degrees.[50] [51] However, trees require significant amounts of water, and deeply shaded forests do not retain as much carbon as previously thought. A single mature tree can absorb as much as 48 pound of carbon dioxide annually and release enough oxygen into the

atmosphere to support two human beings. It is estimated that between 660 and 990 million tons of carbon is stored in U.S. urban forests nationally.[52] However, trees release carbon as they die, so by maintaining a healthy urban forest—prolonging the life of trees and continually increasing tree stock—communities can increase their net carbon storage over the long term. Large healthy trees (trunks greater than 30 inches in diameter) sequester 90 times more carbon annually than small trees (trunks less than 4 inches in diameter).[53]

Positive evidence abounds. As of 1999 in Atlanta, tree cover saved residents an estimated $15 million in pollution-control devices. In 1996 in Fort Worth, trees removed approximately 29 tons of ozone, 13 tons of sulfur dioxide, 17 tons of nitrogen dioxide, a small amount of carbon monoxide, and 592 tons of airborne particulates. In the Houston area, particulate pollution is responsible for an estimated 434 premature deaths each year.[54] Massive tree planting programs in Atlanta, Mexico City and Sacramento have reduced ozone accumulation.[55]

Going green also boosts productivity. The tendency is to think in terms of raising the quota of widgets per hour on an assembly line. Although community associations are not factories, green concepts can yield energy savings while lowering air pollution. A city center using walking and cycling only uses one tenth of the energy of a city with gasoline-powered vehicles.[56]

A study conducted by the Technical University of Denmark determined that in 83 percent of cases, recycling is the most efficient method to dispose of household waste.[57] Visit Pledge to Reduce Your Carbon Footprint online at www.worldoffset.org for more information.

In addition to financial and health benefits, going green offers aesthetic benefits. Green looks good, although green looks different. Seeing wildlife is appealing. Well-run communities—even in New York City—are where suburbia ends.

Green is cool. In 2007, Thomas L. Friedman, author and columnist for *The New York Times*, said that a very significant development was that living and thinking green had become mainstream, that it had

Material	Energy Savings	Air Pollution Savings[58]
Aluminum	95%	95%
Cardboard	24%	—
Glass	5–30%	20%
Paper	40%	73%
Plastics	70%	—
Steel	60%	—

become understood as patriotic and right. He said, "I want to rename 'green.' I want to rename it geostrategic, geoeconomic, capitalistic and patriotic. I want to do that because I think that living, working, designing, manufacturing and projecting America in a green way can be the basis of a new unifying political movement for the 21st century."[59]

Green is, however, a different aesthetic. Instead of maintaining lawns that require significant irrigation and chemicals, allowing them to become forest areas over time will require courage and grit to let nature take its course.[60] For a lawn to grow into a meadow can take from two to five years,[61] and from a meadow into a forest can be five to 25 years,[62] assuming you are not planting it. A community's pond needs to remain unmowed in a swath at least 10-feet wide around the pond edge to significantly improve water quality;[63] [64] however, a width of as little as three feet makes a big difference. [65] But, in either case, this is quite a different aesthetic from mowing to the water's edge.

As areas become increasingly urban and suburban, people increasingly seek nature preserves, woodlands, urban forests and green buildings. Urban residents put a premium on neighboring open space.[66]

Community Call to Action: Helping Community Leaders Be On Target

To assist your community, plan and establish a means for residents to realize their greener future. Unless the manager or board of directors understands green concepts and sees the value of them, your initiatives could well be minimized or discounted.

The community's board should first establish its green mission, such as: "We support locally made, organic or earth and human friendly products and practices that reflect our goal as a conservation-friendly, education-oriented community that does green things. For example, it:

1) picks up litter
2) recycles and reuses
3) saves or stores water
4) maintains energy efficient buildings
5) manages land and lakes for environmental preservation, conservation, and the benefit of wildlife
6) makes its membership aware of green products and services available to them
7) uses energy efficient transportation

This mission should not be stated unless there is an understanding that the community supports it. To that end, the board may want to add the following proviso: "We support these green goals to the extent that they are embraced by the community's members." Such wording would allow future boards the ability to embrace the mission even as they modify it to suit the community for that year.

Count on the green community in your location becoming very different over the next five years, since change is the nature of life. Characterize that situation in the mission by allowing for change and growth. Start with a very few things that you know you can tackle, then grow greener over time. It is better for your community to grow from a solid foundation than be a quick-to-rise soufflé.

Once you have a board-approved policy in place, the manager must implement the policy. Set up a representative from each community neighborhood, or building or cluster of homes, plus staff department reps to serve as a Green Initiative Leadership Council, or "Green Team." This accountability group will be responsible for meeting the mission. The Green Team becomes your closest confidante to help put into action the board's broad mission. Each rep must have excellent communication skills. Each rep would monitor and advise on community's interest in the team's green ideas, and consider tactics to fulfill the board's mission.

Pulling Together a Green Library and Resources

Expand your reach beyond the Green Team by providing videos, books, and a website for your community's members. Provide a virtual tour of your recycling center on your website. Post information on progress in your community newsletter. Print green-inspired materials, including a business or home recycling guide, household hazardous materials guide and variety of flyers about wildlife in your community, when and where they can be seen.

Post green tips in your community's newsletter such as an article about how much money drip irrigation saves vs. standard irrigation or one about how much money a non-leaking sink or toilet saves over a leaking one. Use CAI's website resource, www.caigreen.org.

A few grass roots actions will help guarantee continued green success.[67] Be sure that the board approves the strategy annually and has the opportunity to modify it. Don't let the mission ossify.

Make one person responsible for driving the board-approved strategy—is that you? That person should make a progress report to the board at least twice and detail new tactics initiated to dovetail into that year's strategic plan.

This person and the Green Team should coordinate the strategy implementation and ensure effective communication throughout organization. Strategies include:

- Develop indicators and baseline data to measure success.
- Use a Hot Spot List to target sites and activities.
- Develop positive relationships with community authorities to further the green cause.
- Develop positive and productive partnerships with key community businesses (whether they are strictly within your community boundaries or not, neighbors are neighbors).
- Use the expertise of the community's current vendors, including waste-management contractors and recycling contractors, who may have programs to offer.
- Provide a consistent, creative and comprehensive community education program.
- Help the community celebrate its successes.

Any community member can be encouraged to take a number of actions to be greener:[68] Here are a few tips.

- Reduce emissions in your home energy use (get better insulation, plant a tree on the west side of your home, consider green electricity, turn off your computer at night, turn off appliances).
- Reduce emissions in your transportation energy (buy a hybrid, use light rail, carpool, bicycle, walk).
- Buy the most energy efficient appliances (called Energy Star™ appliances by EPA) and other products.
- Be a green consumer (shop from local suppliers, farmers).
- Live a "carbon neutral" life.[69] Reduce, then offset the rest. To find out how, go to www.climatecrisis.net and use the carbon calculator.
- Make your home or business carbon neutral.
- Integrate climate solutions into all your innovations (try air drying clothes instead of conventional drying).
- Invest your money in sustainability companies, funds, places of worship and communities that are part of the solution.
- Become a catalyst of change in your community. Teach others only if you really believe it.
- Raise awareness by promoting green practices in your community.
- Become an active participant in your community. Speak up. Help. Contact your elected officials. Make our democracy work.

Green Concepts and Sources You Can Use

This section outlines numerous green techniques and innovations that you can implement in your own community. These are:

- Litter Prevention and Cleanup
- Recycling: Waste Diversion vs. Waste Disposal
- Conserving Water, Saving Water, Storing Water, Catching Rainwater
- Energy-Efficient Building and Housing
- Development Innovations
- Energy and Power Innovations
- Building Materials Innovations
- Land and Lakes Management Innovations
- Green Product Availability to Community Members and Staff
- Energy Efficient Transportation
- Getting Help from Environmental Professionals
- Getting Community Recognition
- Win the Hearts of the Majority
- Seeing the Face of Your Green Community

Litter Prevention and Cleanup

As the oldest green activity, litter prevention and cleanup is quick and results are immediate whenever you want to kick-start a green community program.[70] [71] Keep America Beautiful, a national nonprofit public education organization with 565 certified community affiliates, offers assistance in every state. Its tools for communities include publications such as *Role of Recycling in Integrated Waste Management, Close the Loop: Buy Recycled* and web-based educational tools such as Clean Sweep USA at www.kab.org.

The Texas Department of Transportation initiated a particularly effective roadway pickup program called "Don't Mess with Texas" in 1986, removing hundreds of tons of trash from Texas roadways.[72] While the program cut roadside litter by 52 percent by 2005, the work cost the state $35 million annually. An additional $2 million annually to promote this awareness campaign was offset by $2 million in "Don't Mess with Texas" annual merchandise sales.[73] Your community's efforts need not involve such an outlay of cash; most community programs are voluntary-only programs that receive some monetary assistance from state and local governments.

Americans discard billions of cigarette butts each year, with a large percentage tossed directly into the environment. While cigarette filters look like cotton, they are cellulose acetate, a plastic material that degrades slowly. Consequently, nicotine and other tobacco residue leach into water supplies and turn up in the digestive tracts of birds and fish.[74] [75]

Develop strategies for fighting litter and disposing of cigarette butts. Start by analyzing the role of people who litter and when they do it, which products are involved most

often, and the nature of the places where litter accumulates or where it may be transported. Once you gather that information, you can paint a picture of the problems and raise public awareness within your community

Through communication, you can build involvement. Creatively coordinate community partners for a cleaner community. Remember to celebrate the community's successes, acknowledging what works well, milestones or special achievements.

Storm drains are for rain, but litter often ends up in storm water drainage systems as pollution in lakes, streams, rivers and oceans. For a good model for preventing storm-water pollution from discharge of car-care products, dog feces, fertilizers, paints, pesticides and even well-intentioned recycling, visit the County of Los Angeles Department of Public Works website at http://dpw.lacounty.gov/epd/ea/stormwater/tips.cfm.

Balloon mass-releases are illegal in several states, including Connecticut, Tennessee and Virginia, because they pose a serious ingestion and entanglement hazard to animals, especially marine animals. In an experiment in North Carolina, balloons floating in seawater deteriorated much slower than those exposed to air only, and even after 12 months of exposure retained their elasticity.[76] Among the North Atlantic animal species found with latex balloons in their digestive systems are common dolphin, loggerhead turtle, leatherback turtle and infant sperm whale.[77]

Other commendable litter cleanup sites are Auntie Litter for Kids, www.auntielitter.org, and the West Virginia Dept of Transportation Litter Help and Adopt a Highway Program, www.wvdot.com/3_roadways/3c1_adopt.htm.

Recycling: Waste Diversion vs. Waste Disposal

Currently 20 percent of the municipal solid waste in the U.S. is recycled or composted. Nevertheless, every American discards, on average, four pounds of material daily. Clearly, more can be done to divert waste.

Produce less waste by means of the three R's[78]: Reduce, Reuse and Recycle, covered well by the Environmental Protection Agency at www.epa.gov/garbage/reduce.htm, www.epa.gov/garbage/reuse.htm and www.epa.gove/garbage/recycle.htm.

Reduce. Reduce the amount and toxicity of trash you discard. Possibilities include purchasing durable, long-lasting goods, seeking products and packaging that are as toxin-free as possible and redesigning products to use fewer raw materials in production, last longer or can be used again after their original purpose.

The term "source reduction" refers to any change in the design, manufacture, purchase, or use of materials or products (including packaging) to reduce their amount or toxicity before they become waste. Source reduction also refers to the reuse of products or materials, again so they do not become waste.[79]

More than 6,000 communities have instituted EPA's "pay-as-you-throw" programs, where citizens pay for each can or bag of trash they set out for disposal rather than through the tax base or a flat fee. When these households reduce waste at the source, they dispose of less trash and pay lower trash bills. Currently, Washington state has the largest number of PAYT communities—522.[80]

The Resource Conservation challenge is EPA's national effort to conserve natural resources and energy by managing materials more effectively. It allows community

associations to become partners as a non-governmental organization, and provides assistance. For details, visit www.epa.gov/epaoswer/osw/conserve/guide.htm.

WasteWise is a free EPA partnership program that helps organizations such as community associations eliminate costly municipal solid waste, benefitting the bottom line and the environment. This flexible program allows partners to design their own waste reduction programs tailored to their needs. Even small community associations may participate. The program provides free technical assistance to help develop, implement and measure waste reduction activities. Find out more at www.epa.gov/epaoswer/non-hw/reduce/wstewise/about/index.htm.

A fun program that encourages putting "These Come from Trees" stickers on restroom paper towel dispensers is available at http://thesecomefromtrees.com.

Reuse. Reuse containers and products, repairing what is broken or giving it to someone who can repair it. Donating an unwanted computer to a charity (rather than setting it out for disposal or recycling its parts) is waste prevention and reuse. So is photocopying on both sides of a sheet of paper.

Prudent ways to reuse include using durable coffee mugs, cloth napkins and towels; refilling bottles; donating old magazines and surplus equipment; reusing boxes; turning empty jars into containers for leftover food; purchasing refillable pencils; and participating in a paint collection and reuse program. Perhaps the biggest potential impact may result from reusing grocery bags.

Go to www.use-less-stuff.com for more ideas from a private not-for-profit agency that publishes a quarterly newsletter. For locations of reuse stores and other relevant information, visit the website for the Reuse Development Organization, another national nonprofit, at www.redo.org.

Reusing an item means that it continues to be a valuable, useful, productive item, and replaces new items that would use more water, energy, timber, petroleum, and other limited natural resources in their manufacture. Businesses can save significant dollars in disposal by reselling or donating items that are no longer needed to reuse stores. Many chemicals and solvents that are no longer useful to one organization can be used in other applications by other organizations. This method of "materials exchange" results in disposal savings by the generating company, and savings in the purchase of the material by the recipient organization.

Recycle. Recycle as much as possible, which includes buying products with recycled components.

Recycling turns materials that would otherwise become waste into valuable resources. In addition, it generates a host of environmental, financial and social benefits. Materials such as glass, metal, plastics and paper are collected, separated and sent to facilities that can process them into new materials and products.

Recycling is one of the best environmental success stories of the late 20th century. Recycling, including composting, diverted 82 million tons of material from landfills and incinerators in 2006, up from 34 million tons in 1990. By 2006, about 8,660 curbside collection programs served roughly half of the American population. Curbside programs,

along with drop-off and buy-back centers, resulted in a diversion of about 32 percent of the nation's solid waste in 2005.[81] For specific community information on where you can recycle, simply enter your ZIP code at www.earth911.org.

A California based landscape architecture firm ably explained the need for paper recycling by creating a seven-minute film that documented the planning and creation of an art exhibit of the shredded paper the firm had generated over a 12-week period. Called "So What?" the film seeks to bring meaning to the term "sustainability," which the firm stresses has been overused to the point of becoming meaningless.[82]

For paper recycling information resources, go to the National Association for Information Destruction website at www.naidonline.org. Another good source of information about recycling publications and educational resources is the Solid Waste Association of North America website at www.swana.org.

The "Ollie Saves the Planet" CD-ROM for kids is a great educational resource that explores the reduce, recycle, and rethink concept as applied to water, waste, energy, air and biodiversity. Also available is a "Have You Hugged Your Garbageman" t-shirt. The International Solid Waste Association also offers information at www.iswa.org.

Fluorescent bulbs require special recycling consideration. While fluorescent bulbs have commanded attention because they are four to five times more efficient than incandescent bulbs, spent bulbs have no intrinsic value or embodied energy. However, they do contain significant amounts of mercury. Recycling keeps mercury-containing products from contaminating the soil or air (in case of incineration). The National Electrical Manufacturer's Association provides the website www.lamprecycle.org with EPA regulations, instructions on handling broken bulbs, and a state-by-state clickable map with states' regulations and contacts.

In June 2008, Home Depot announced a national Compact Fluorescent Lamp (CFL) Bulb Recycling Initiative.[83] At each Home Depot store, customers can bring in any expired, unbroken CFL bulbs and give them to the store associate behind the returns desk for free recycling. The bulbs will then be managed responsibly by an environmental management company that coordinates CFL packaging, transportation and recycling to maximize safety and ensure environmental compliance, according to Home Depot. Most, but not all, IKEA stores offer the same free program. Additionally, www.earth911. com lists local sources for recycling CFLs.

Additionally, www.earth911.com offers local sources for recycling batteries. Go to the Recycler's World (Recycler's Exchange) at www.recycle.net/battery for a list of companies that want to purchase your specific types of batteries, such as lead acid batteries and nickel content batteries. Still other sites worth checking out are www.batteryrecycling.com and www.call2recycle.org.

In some parts of the country, oyster recycling merits consideration. In summer, adult oysters release millions of fertilized eggs. During their development, larvae may travel distances; however, when development is complete, young oysters must attach to a hard substrate such as another oyster shell. If no substrate is available, the young oyster dies. Marine organisms, including oysters, will quickly colonize a mound of oyster shells placed in brackish water with good tidal flow. This mound, called an oyster reef, provides beneficial habitat for oysters, algae, worms, barnacles, crabs minnows and fish. Several

states, including New Hampshire and North Carolina, have oyster shell recycling programs where people take oysters to a pickup area for recycling.[84]

Water recycling also is gaining popularity worldwide. As early as 1999, Tokyo was recycling 61 percent of its water for nonpotable reuse.[85] (Nonpotable water is defined as water not safe or palatable for human consumption because it contains infective agents or other contaminants.)

Recycled water can be used in communities for landscape irrigation, application of landscape chemicals, cooling towers and dust suppression at construction sites. Using the same water for more than one purpose conserves water and energy otherwise required to pump and treat that water. For example, the Bernalillo County Water Utility Authority in Albuquerque uses treated wastewater to irrigate the University New Mexico sports complex, golf courses, the Balloon Fiesta Park, soccer fields, Journal Center and other sites.[86]

Citing economic and environmental benefits, the City of San Diego reports that a full supply of recycled water is available even during a drought and generally is not restricted for outdoor use during normal supply conditions or droughts.[87] It offered a rate of 80 cents per hundred cubic feet (748 gallons), compared to $2.52 per hundred cubic feet for potable water, as of July 1, 2007.[88]

While nonpotable water rates are attractive for community associations, the cost to retrofit a current potable-water landscape irrigation system can be expensive. Carefully weigh advantages, such as lower water rate per gallon, against disadvantages before deciding to make a switch.

Essentially, the entire system would require rebuilding because EPA and most state regulations require heavier gauge equipment for nonpotable water. All heads, valves and meters would need to be replaced at a cost of 10 to 20 percent more than regular potable irrigation parts. Regulations aside, a tougher grade is called for to handle the odd pH of gray water, which can sometimes have such a low pH as to be mildly corrosive. For that reason, new heavier pipe is also needed (10 to 20 percent more expensive). Demolishing an old potable system can be so pricey that it is often more cost effective to leave the prior system in the ground while installing the new one.

Another cost to be considered is the dedicated gray water line coming from the utility company. Lastly, community association leaders should consider the engineering costs to determine size pipe needed from the utility.

Bear in mind that most plants, particularly turf, are pH sensitive. Unless the state regulates water quality—including pH—from gray water (or reused effluent), switching over could harm or kill grass and other expensive plantings.

In addition, the EPA and most states regulate when such water can be used and how. For example, water in some states may not be used in a densely populated site where it could be sprayed on passersby or could flow over land or pavement into the existing storm water system.

At some private large-scale associations with their own utility companies, pH-controlled gray water is limited to golf courses and unavailable for the association's use. Check with your utility about demand and availability.

Purchasing a water-filtration device is another way to access smaller amounts of nonpotable water. For example, water used to wash company vehicles may be captured and reused in chemical spray tanks for land management. The water containing oils, pollutants and pesticides—any carbon based compounds—goes into a tank that uses bio-organisms to consume them, break them down and excrete waste made of carbon dioxide and water. The resulting "clean" water, while not potable, is reusable and can even be captured on a special wash rack to be recycled for yet another use.

Ongoing costs include purchasing monthly supplies of bio-organisms. For details on wash-water treatment systems visit the Water Maze website at www.wmaze.com.[89]

If your community features ponds or lakes stocked with fish, you need to be aware that discarded monofilament fishing line can entangle, injure and kill marine birds and wildlife. Several states, in conjunction with the BoatUS Foundation and the BoatUS Angler Program, collect and recycle fishing lines. Some even collect lead weights. The nonprofit Berkley Conservation Institute has recycled more than seven million miles of monofilament fishing line since the 1990s. To request recycle collection bins and a poster, contact Berkley Conservation at www.berkley-fishing.com/about_conservation.php#ref_2822. In addition, BoatUS Foundation offers bins for recycling at www.boatus.com/foundation/Monofilament/.

Whether or not you are a running enthusiast, Nike hosts a "Reuse a Shoe Program," grinding up old shoes and turning them into athletic flooring. It takes 2,500 pairs of shoes to make a full-size basketball court. The website at www.letmeplay.com/reuseashoe/ includes drop-off locations. If you choose to resell or trade sports equipment, go to www.playitagainsports.com.

Compost (high-quality soil made from yard trimmings and food residuals) is known to make gardeners wax eloquent. For some, however, the whole process has become tiresome, particularly those loving, rambling descriptions from well-intentioned herbivores about how they create compost. Nevertheless, a reliable, no-nonsense website is the EPA's www.epa.gov/compost/, which contains FAQs and relevant publications.

If your association participates in a composting program or advocates the practice among members, insist that feces is never included in the mix. It spreads infection to plants and, subsequently, animals.

Although compostable bio-plastics can be sent to your home compost bin or pile, not all materials are made from corn, switch grass or grain. The American Society for Testing and Materials has created two specifications approved by EPA to identify biodegradable plastics—ASTM D6400, the standard specification for compostable plastics, and ASTM D6868, the specification for biodegradable plastics used as coatings for paper and other compostable substrates.[90]

Apartment dwellers can create compost below the kitchen sink, using a bucket with earthworms and veggie scraps, eggshells, coffee grounds, bread and dryer lint, creating potting soil for their houseplants.[91] [92]

There is some truth to the adage that if a plant is languishing in your garden, throw it on the compost pile where it will grow, bloom and flourish without your tending it. If you want to transport your compostable materials elsewhere, a municipal composter location in your region can be found at www.findacomposter.com.

A good source for all other recycling is www.recycle.net, established to provide a forum to promote the trade of scrap and waste materials. The website's recycling categories for buy, sell or trade include automotive parts, computer and electronics, scrap iron, exotic metals, precious metals, minerals, paper, liquid oils and chemicals, tires and rubber, and wooden pallets.

Be careful when either throwing away or recycling techno trash such as cell phones, computers, TVs, computer monitors, iPods, MP3 players, digital cameras and PDAs. When China recently outlawed the import of electronic and computer scrap, waste experts say that the clampdown has driven tons of e-waste elsewhere to Malaysia, Ghana and other third world countries. The resulting supersite dumps are creating huge stockpiles of dead machines containing lead, PVCs, barium, chromium, mercury, beryllium and cadmium—all carcinogens.

Third-world entrepreneurs working there in unsound salvage operations dismantle these broken devices by hand to extract the metals, which are then sold. This is dangerous to their health and deadly for the world's environment.[93] For information on reputable charities and recyclers, go to www.epa.gov/recycling. As an example, the national Cristina Foundation, www.cristina.org, connects computer donors with the needy.

To donate your used cell phone to someone in a developing country, visit www.collectivegood.com or for other options go to www.recyclewirelessphones.com. To reprogram your phone to dial 911 and give it to domestic violence victims, go to www.donateaphone.com. To recycle single line phones, www.reclamere.com.

Goodwill, www.goodwill.org, accepts working appliances, and you can also recycle at the Steel Recycling Institute, www.recycle-steel.org.[94]

Before tossing cardboard boxes, contact the local shelter to ask if they can use them. Offer them at www.freecycle.org. If your workplace collects at least 100 boxes a month, www.usedcardboardboxes.com accepts them for resale.

If you have scratched CDs, DVDs and Game Disks, consider sending them to Auraltech, www.auraltech.com, for refinishing. Swap exercise videos for others at www.videofitness.com.

Donate wearable women's business clothing at www.dressforsuccess.org. Offer unwearable clothes and towels to the local animal boarding shelter. Clothes swaps often occur at faith congregations and community centers.

Your local Lion's Club may collect used eyeglasses. Drop-off boxes are often found at local merchants. Lenses are reground and given to people in need.

Your local pack-and-ship store will likely accept foam peanuts for reuse. The Peanut Hotline at www.loosefillpackaging.com is a national reuse program for plastic packing peanuts. For information on recycling foam blocks, go to www.epspackaging.org/info.html.

Spent ink-toner cartridges are valuable. Trade them in for discounts or refill them at retail stores. Collecting used ones for recycling can even be a fundraiser for groups.[95] Currently, www.recycleplace.com pays $1 each.

Recycling information for used motor oil for each state is available: www.recycleoil.org.

Buy a toothbrush, razor or other product from preserve®, www.recycline.com, and this company will take it back to be recycled again into plastic lumber.

Conserving Water, Saving Water, Storing Water, Catching Rainwater

The American Water Works Association (AWWA) is a national nonprofit organization providing knowledge and advocacy to improve the quality and supply of water in North America. AWWA offers resources for community leaders regarding conserving water at www.awwa.org. Check out AWWA's WaterWiser, the water efficiency clearinghouse, at www.awwa.org/Resources/content.cfm?ItemNumber=29269&navItemNumber=1561.

Denver has a good "Use Only What You Need" campaign at www.useonlywhaty-ouneed.org/. Download the Rocky Mountain Institute's excellent pamphlet, *Water Efficiency for Your Home*, at www.rmi.org/images/PDFs/Water/W95-36_WaterEff4Home.pdf. Also in Colorado, the Rocky Mountain Institute offers the North Central Arizona Water Demand Study, which includes programs that could be modified to community use such as:

- Constructing wetlands to put wastewater from Kachina Village to use providing wildlife habitat and an aesthetic/recreational amenity.
- Disinfecting wastewater with ultraviolet light in the South Grand Canyon Sanitary District treatment plant
- Reusing wastewater as sprinkler irrigation (and overspray to cut down on dust) at the Northern Arizona University track and field complex.
- Using an ultralow-flow, electronically activated faucet at the Grand Canyon National Park Canyon View Information Plaza.

To review the findings, visit https://www.rmi.org/images/PDFs/Water/W02_AZWaterDemandStudy.pdf.

Controlling water consumption in buildings can yield considerable savings in a community.[96] If a 600-unit townhome community currently paying a sewer rate of $2.75 per 1,000 gallons of water reduced its consumption by 10 gallons per unit per day, the savings would amount to $6,000 per year.

You can make a similar analysis of your own community's water assumption. Start by checking the historic record at a glance and preparing a spreadsheet analysis. Review water bills to find out how much water each metered account used over the past three years. Using an Excel spreadsheet (or columnar accountant's pad), list each meter on the left of the page. Across the top, establish the billing period. Write all the accounting data in the appropriate column. Total each column. Determine the gallons consumed per metered account per day. Divide this by the total number of units served by each metered account to determine an average number of gallons used per day per unit.

To see how your community stacks up, consider that in 1993 average consumption of 125 to 150 gallons per unit per day was the norm. The average American uses 45 to 75 gallons per day, according to the AWWA.

Survey your members. Find out if they are aware of any leaking. The survey can include a politely worded letter indicating that water/sewer rates have increased a certain percentage and that the survey is the beginning of an effort to keep assessments down with water consumption methods, while still providing ample water to each unit.

Repair leaky faucets and toilets without cost to the respondent. Schedule plumbers' visits to install conservation devices such as water saving showerheads and toilet flushers.

You may be able to save even more water by performing a water use slippage test. Monitor a water meter at 3 a.m., when normal usage is barely at a minimum, and record the consumption. If the rate is abnormally high during this time, there is a problem unrelated to regular usage.

By following a few water-conservation practices in common areas, association managers and board members can make a big difference. For example, use drought-tolerant plants. A 2005 study found that property owners who removed grass and replaced it with water-efficient xeriscape on average saved 55 gallons of water per square foot per year by converting grass to a water smart landscape. That amounts to a savings of 75.4 percent over traditional landscaping.

Even a densely-planted xeriscape saves enormous volumes of water.[97] To find the most drought tolerant species, use types of plants growing in the woods and meadows nearby. However, leave those plants in the wild and find your own at the native plants garden center.[98]

If you must water plants, do it in the morning hours when there is less wind or evaporation. Also, keep water close to the ground so it is less prone to evaporation or wind loss.

Check your watering system once a month and make adjustments. Install rain gauges on irrigation systems to stop irrigation after a certain amount of rainfall and soil moisture meters to cancel planned irrigation if garden soil is moist enough.

Send all gray water from your washing machine (25 to 35 gallons per load for top-loading machines) directly to water landscaping. The detergent you add will not harm plants.

Install drip irrigation only (no spray heads) and remove certain turf (mowed lawn) areas. If you are brave enough, remove all landscaping and turf areas and their irrigation systems. Allow wild grasses and plants to grow into a future forest. Assume that during dry periods, the area will brown out nicely then return to green when precipitation returns.

Moving now to the bathroom, you can economize and protect the environment by installing water-saving toilet-tank valves to replace old valves[99] Even toilets in good repair account for up to 30 percent of indoor water use.[100]

Toilets made before 1992 do not meet a water-efficient design standard of 1.6 gallons per flush maximum. Placing a water bottle full of sand or water in these toilet tanks reduces the amount of water flushed with each use. Do not use bricks for this because they can break down and cause problems in the toilet system.

Urinals before 1992 do not meet water efficient design standard of a gallon per flush maximum. Ultra low-flow valves are 0.5 gallons per flush.

In addition, replace valve stems, seats and washers on leaky faucets. And install water-saving shower heads designed to flow at 2.5 gallons per minute or less. This can make a noticeable difference because bathing accounts for 32 percent of residential water use. Install timers on showers in swimming pool bathhouses.

Realize even more savings by installing flow restrictors to limit lavatory faucet flow to one gallon per minute. To save on labor costs, schedule routine checks and repairs on bathroom and kitchen fixtures during the same visit.

In the boiler room, monitor and maintain boiler water systems monthly to prevent scale and corrosion and optimize condensate reuse. Check for pinhole leaks on central

system convector coils. And assure boilers are using in-system condensate for make-up water rather than calling for fresh unheated water.

At the cooling tower, install a controller to regulate blow-down flow based on conductivity and a water meter on the make-up flow line.

Swimming pools provide many opportunities for water conservation. Cover pools when not in use to prevent evaporation. The water levels should not be too high since water splashes easily over the edges.

Watch for surface cracks in pools and fill any you find quickly because they can result in water leaks. Consider reusing wading pool water for plants irrigation.

Enlist members in your water-saving efforts. Use your newsletter and other communications tool to provide them with water-saving tips such as:[101]

- Keep drinking water in the refrigerator. This will reduce the amount of water that is generally wasted when waiting for the cold water to reach the faucet. It will also improve the taste by allowing chlorine and sulfur smelling molecules to evaporate.
- Know where the water shutoff valves are for your home. Accidents happen, and when they happen to pipes or water heaters, it is best to know how to shut the water off rather than dealing with a flood and a high water bill later.
- Turn the faucet off when brushing teeth or shaving.
- Limit shower time to five minutes, which uses the same amount of water as a bath.
- Turn off the water when not rinsing in the shower.
- When cleaning out your fishbowl, use the dirty water to water plants around the house. Not only will you conserve water, but you will also fertilize the plants with nitrogen and phosphorus in the process.
- Rinse dishes in standing water at the kitchen sink rather than running the faucet.
- Check toilets for leaks. Simply place food coloring or a dye tablet in the toilet tank and wait 10 to 20 minutes without flushing. Dye seeping into the toilet bowl indicates a leak, most likely from the flapper. A leaky toilet flapper can waste from 30 to 300 gallons of water per day. For advice on fixing leaky toilets, visit www.h2ouse.org.
- Sweep driveways and sidewalks rather than spraying them with water.
- Check for leaky outdoor hoses and faucets. To find out how much water is being wasted, visit the Water Wise Drip Calculator at www.awwa.org/advocacy/learn/conserve/dripcalc.cfm.
- Don't run the hose when washing the car. Instead, try using a bucket of soapy water. Use the hose only to rinse.
- Cover private pools and hot tubs when not in use to prevent evaporation.
- Drain outside spigots to prevent freezing in the winter, which could lead to burst pipes.
- Replace your old clothes washer, the second largest water user in your home. Energy Star™ rated washers that also have a "water factor" at or lower than 9.5, use 35 to 50 percent less water and 50 percent less energy per load.

Drought conditions accentuate the need for water conservation. In anticipation of that situation, develop a community drought-contingency plan for water management. Work with your local utility and higher education institution to identify and implement modifications to achieve additional specified reductions in water consumption.

Community associations can learn a great deal about proper water consumption practices from the hospitality industry. For 15 years, the "Green" Hotels Association, www.greenhotels.com, has been committed to encouraging promoting and supporting ecological practices in the hospitality industry. That association and the 2007 National Eco Tourism Conference in Kenya recommend the following simple measures:

- Perform a water audit to identify major consumers.
- Meter different sections of the hotel or resort.
- Install flow meters in water consuming sections kitchens and laundry.
- Install water saving measures, including energy efficient shower heads and toilets. Toilet tank fill diverters can save ¾ gallon of water per flush.
- Direct rainwater downspouts to collection tanks for landscape irrigation; harvest rooftop water if your state and locality will allow it.
- If the local health department will allow, laundry drains and other gray water can water landscaping.
- For hoses for landscape irrigation, fit them with hand triggers to automatically switch off when not in use.
- Encourage guests to reuse their towels to conserve laundry water.
- Benchmark for continual improvement. Seek cooperation of the housekeeping and kitchen staff. Explain your interest and ask them to exercise common sense. Overcome middle level inertia. Stress that you are seeking easy-to-implement and cost-effective measures.
- Regular loss assessments for the resort should include water overflows, leakages and spillages. Establish a preventive maintenance program.
- Consider substituting toxic or hazardous materials with green products that will take less rinsing.

Like hotels and resorts, community associations should consider collecting rainwater, a practice used for the last 4,000 years.[102] It makes a good option for providing a centralized water supply system in areas lacking fresh surface water or groundwater. In the Negev Desert, human habitation and cultivation occurs solely with collected rainwater, as little as four inches of rain annually.[103] As a comparison, west Texas receives eight to 10 inches per year; Arizona, seven to 11 inches per year.[104] [105] A good manual on rainwater harvesting is provided by the Texas Water Development Board at www.twdb.state.tx.us/iwt/Rainwater.asp. You will find a short, interesting rainwater-collection video from New Delhi at www.youtube.com/watch?v=wWnhYIIKY0U.

Permaculture[106] consultant Brad Lancaster harvests over 100,000 gallons of rainwater a year on his $^1/_8$ acre urban lot in the Sonoran Desert.[107] Every inch of rainfall on an acre produces 27,000 gallons of water, according to him. He recommends the following methods:

- Harvest using the existing soil in your yard as a tank. Make a bowl-like shape and the plant becomes the living pump, allowing peaches to grow in the desert.
- Harvest rainwater from a roof into a tank.
- Harvest the water coming from household shower, bathtub, sink and the washing machine. Lancaster says 30 to 50 percent of potable drinking water consumed by single family home is used for landscape use, so it is better to use gray water for that function.

Currently, the state of Arizona offers a tax rebate of up to $300 for installing rainwater harvesting and gray-water harvesting. Other states have similar programs; refer to your state website for more information.

The Civano Association in Arizona encourages residents to collect rainwater from roofs and shows them how to build above ground collectors for later use and lists local contractors who provide this service. For details, visit www.civanoneighbors.com/docs/presentations/23July2006_RainWaterHarvesting_Civano.pdf.

People who make a personal effort to collect and use rain are less likely to waste water or tolerate public policies that allow waste by others, such as inefficient irrigation techniques or inappropriate residential landscaping. When people are maintaining gutters and cisterns to ensure they can flush their toilets or grow their gardens, they are more likely to appreciate the importance and scarcity of the resource.

Energy-Efficient Building and Housing

A good place to start in improving energy efficiency in buildings is purchasing energy-saving devices, particularly light bulbs and fixtures. Although shipments of incandescent lamps have declined steadily since 2004, dropping 18.6 percent in 2007 alone, compact fluorescent lamp (CFL) shipments grew by 33 percent, compared to the same period last year. CFL shipments have expanded by a magnitude of five since 2004.[108] Find out more at Changing One Billion Light Bulbs, www.onebillionbulbs.com/. As of August 2008, CFLs are 24.7% of the whole light bulb market, according to The National Electrical Manufacturers Association, www.nema.org.

Why switch? CFLs use less energy, have a longer lamp life, and produce less heat. The savings from five bulbs could amount to about $100 per year.

Insist on Energy Star appliances when replacing clothes washers, dehumidifiers, dishwashers, refrigerators, air conditioners and more. For a list of appliances and sources, go to the EPA website at www.energystar.gov/.

A number of small steps can help maintain your community's existing buildings and reduce emissions from them.[109] [110] First, check that the building equipment is functioning as designed. Regularly inspect all equipment and controls, including a double check of energy management system programming.

Consider your building's cleaning options. Your janitors could go through the building as a team, floor by floor, turning off the lighting as they go. Better yet, have them clean in the day when there is light anyway. Or install occupancy sensors to automatically turn off lights when a floor is vacant.

Tell your staff about your commitment to energy savings. Use the community newsletter to keep members and staff informed about your energy savings goals and how they can help and benefit.

Harvest daylight. Locate workstations adjacent to windows. Then use DaySwitch™ on light switches. The photo sensor measures daylight levels and sends a signal to a microcontroller that switches lights on and off.[111] Payback period is approximately three years.

For large windows in direct sunlight, install UV protection window film. Caulk and weatherstrip windows and exterior doors.[112] In addition to the Energy Star appliances mentioned earlier, install Energy Star rated windows and doors.

During off hours, make sure to power down everything, including copiers, kitchen

equipment and task lights. Ask cleaning and security personnel to turn off miscellaneous items such as coffee pots, kitchen equipment and individual office lights. Have staff activate power management features on their computers and monitors. Unplug laptops and turn off equipment.

In commercial kitchens, use microwaves, where you can, instead of ovens. The reduction in carbon-dioxide emissions would be about a pound per meal.

Replace inefficient exit signs with high-efficiency light emitting diode (LED) exit signs. These operate around the clock and have lower maintenance costs due to their extended life.[113]

Close window blinds and curtains on summer days. In winter, close curtains at night to capture passive solar heat. This simple act can save 25 to 75 percent on heating and cooling bills and dramatically reduce carbon dioxide emissions. Similarly, you can make noticeable changes in your power bill while curtailing emissions by adjusting thermostats down two degrees in winter and up two degrees in summer. For maximum energy efficiency, install programmable thermostats, which cost as little as $35 and can save $150 annually.

By setting water heaters at 120 degrees, you can reduce emissions 1,200 pounds per year for electric and 880 pounds per year for natural gas. Likewise, low-flow shower-heads in community buildings can reduce emissions 1,800 pounds per year for electric and 430 pounds per year for natural gas.

Fix leaks. A leak of one drip per second can cost $1 per month.[114] For more water saving tips, see the water savings section.

Recycle newspapers, beverage cans and office paper. Carbon dioxide emission reductions could amount to 1,300 pounds per year. And use recycled paper (100 percent post consumer) to reduce carbon dioxide emissions by six pounds per ream.

Adjust ventilation. Reduce exhaust and outdoor air ventilation rates within codes. Take a look at the fans and adjust ventilation in unoccupied and low-density areas to reduce the ventilation to a practical limit.

By using a laptop rather than a desktop computer, you can reduce energy consumption by a surprising 80 percent. You will also cut carbon dioxide emissions by 400 pounds annually. Use lithium-ion batteries instead of AA or AAA batteries to power small electronics, and you can reduce carbon dioxide emissions by 450 pounds per year. Removing carpeting and installing other flooring yields carbon-dioxide emission reductions of 4,000 pounds for every 800 square feet.

Add more insulation in attic spaces, but make sure that insulation does not cover soffit vents, which would restrict attic ventilation. Without ventilation, attic space can become wet, making insulation ineffective and damaging the home.[115] Insulate any knee walls, which are vertical walls with attic airspace behind them.

Insulate around water heaters unless the manual specifies otherwise. Optimal water heater temperature should be 120 degrees. Consider using a solar water heater.[116]

The American Society of Heating Refrigeration and Air Conditioning Engineers offers a 105-page document about green-sustainability practices in buildings, including theaters, health facilities, athletic or recreational facilities and even dedicated outdoor air systems. You may download this resource at www.engineeringforsustainability.org/docs/greentips_2006.pdf.

A 2008 study indicates that LEED (Leadership in Energy and Environmental Design) certification or the Energy Star label buildings outperform their non-green counterparts in occupancy, rental rates and sale prices.[117] The LEED Green Building Rating System, developed by the U.S. Green Building Council (USGBC), provides a suite of standards for environmentally sustainable construction. As a manager or community leader, you can hire a professional energy auditor to determine ways to reduce your buildings' energy consumption. For more informatin, go to the Department of Energy's consumer's website at www.eere.energy.gov/consumer/your_home/energy_audits/index.cfm/mytopic=11180.

In your efforts to go green, consider looking to your roofs for significant energy savings. A green roof replaces traditional roofing with a lightweight, living system of soil, compost and plants. It creates a thin, green skin atop a building that filters rainwater and some of its pollutants. The plants produce oxygen, which helps clean the air. A green roof reduces a building's heating and cooling costs, acting as a form of insulation. And the plants lessen the heat island effect, where buildings warm up so much that they heat the surroundings.[118]

Most flat roofs in the U.S. can support 15 to 25 pounds per square foot. This means that they can support soil three to four inches deep.

Conventional roofing is $5 to $10 per square foot. A green roof will cost $10 to $25 per square foot, but the cost is made up in savings in energy use and lower maintenance. And experience with green roofs in Germany shows that they can have a useful life of 40 to 50 years compared to conventional roofs' 12 to 20 years. Other resources for Green Buildings include:

- Florida Green Building Coalition, www.floridagreenbuilding.org/db/
- Architects for Social Responsibility, www.adpsr.org
- American Planning Association, www.planning.org
- Building Concerns, www.interiorconcerns.org
- Energy Efficient Building Association, www.eeba.org
- Global Environment Options, www.globalenvironmentaloptions.org
- Pacific Northwest Prevention Resource Center, www.pprc.org
- Smart Growth Network lists programs and resources by state, www.smartgrowth.org
- U.S. Green Building Council, www.usgbc.org
- Urban Land Institute, www.uli.org

Development Innovations

The "Smart Growth" development concept is making a difference all over the world. Proponents advocate compact, transit oriented, walkable and bicycle-friendly communities.

New Pattonsburg, Mo. (population 400) was relocated after three devastating floods in 1993. With the help of the U.S. Department of Energy, the Federal Emergency Management Agency and the Missouri Department of Natural Resources, the town was rebuilt to include a pedestrian-friendly downtown, a storm water management system consisting of constructed wetlands, sustainable town policies (for solar access, energy efficiency and a best-building orientation), a biogas generation plant for the area's electricity that runs from hog manure, and schools that are monolithic domes.[119] Read more on the website for National Center for Appropriate Technology at www.freshstart. ncat.org/case/dpnewpat.htm.

The micro-compact home was exhibited by the Museum of Modern Art in New York City from July 20 through October 20, 2008. It featured one prefabricated "modern dwelling," which was an eight-foot, six-inch cube, copyrighted by architect Richard Horden of Horden Cherry Lee, London[120] and Haack Hopfner of Munich. Fabricated in Austria, the home is available in several finishes and fabrics. It is built for two people and includes functional spaces for sleeping, working, dining, cooking and hygiene. You can find out more at www.microcompacthome.com.

Energy and Power Innovations

Be sure to verify with your community's architectural review committee or board that alternative energy sources are approved before you make a commitment to purchase and install them.

Geothermal heating and cooling. Temperatures four to six feet below the earth's surface remain relatively moderate and constant all year. A geothermal system circulates a water-based solution through a buried loop system to take advantage of these constant temperatures. A single unit can heat and cool your home and provide hot water as well.

According to the U.S. Department of Energy, the average heat pump would costs $2,500 per ton of capacity.

Old systems were open loop, meaning that they took water from underground aquifers and discharged the used water above ground. In most new systems, the water solution flows in a closed loop going from below ground into the home and then returns to below ground in a continuous loop. There is no discharge of hot water into the environment. Three good sources for additional information are www.energyguide.com, www.geo-comfort.com, and www.eere.energy.com.

Wind turbines. A wind turbine collects kinetic energy form the wind and converts it to electricity that is compatible with a home's electrical system. Compatible with community use, they are usually used in conjunction with a local utility or as a stand alone unit.

According to the American Wind Energy Association, a wind turbine can lower an electricity bill by 50 to 90 percent. Wind turbine owners often enjoy total electric homes with monthly utility bills of only $8 to $15 for nine months of the year. Small turbine costs anywhere from $6,000 to $22,000 installed, depending on size application and service agreement. Some states provide tax incentives and rebates. Learn more at www.awea.org.

Solar power. When sunlight hits solar cells (also called photovoltaics), electrons are released. The electrons then flow onto wires, forming direct current (DC), the same kind of current that flows from a regular battery. A four-inch silicon cell can produce about a watt of DC electricity, according to the Northeast Sustainable Energy Association.

Solar power works as a stand alone system or in conjunction with a local utility. The amount of power produced depends on the size of the system. In regions that enjoy a lot of sunlight, a solar system might deliver all the electricity needed, but the cost to implement a 100 percent system may be prohibitive. Still, a feasible system may produce 25 to 50 percent of energy needs. A two-kilowatt system may cost between $16,000 and $30,000, while a 5-kilowatt system may be installed for $35,000. Some states offer rebates and incentives. For more information, go to www.nesea.org or www.amesolar.com.

Fuel Cells. A fuel cell converts hydrogen and oxygen into electricity. Fuel cells resemble batteries in their design, yet they do not run down or need recharging. Fuel cells are used at hospitals, nursing homes, hotels, office buildings schools and utility power plants. They are either connected to the electric grid or installed as a grid-independent generator. Currently there are no residential applications.

In large-scale building systems, fuel cell cogeneration systems can reduce facility energy service costs by 20 to 40 percent over conventional energy service and increase efficiency by 85 percent. These systems, not readily available commercially, are most often engineered solely for the building they service.

There are fuel cell applications for computers, cell phones and laptops, largely because one charge would last far longer than conventional nickel or lithium-ion batteries. For more information, visit Fuel Cells 2000 at www.fuelcells.org.

The U.S. Department of Energy also offers plenty of information on energy efficiency and renewable energy at www.eere.energy.gov. Still another source for building materials innovation is www.energy.ca.gov/. There you will learn how the California Energy Commission is working to license power plants; ensure homes, buildings and appliances are energy efficient; make the most of indigenous renewable energy resources such as solar, wind, biomass and geothermal; analyze transportation energy demand and support alternatives to conventional fuels; assist new energy technologies with research and development and help them enter the marketplace; and direct the state's response to energy emergencies.

Building Materials Innovations

Returning to the use of clotheslines may not seem innovative at first, but rethinking the way you do things and realizing the old ways may make sense environmentally requires an open mind. Similarly, if you rethink your floor coverings, you may realize that tile may be preferable to carpet, which may suffer from formaldehyde breakdown contamination through use. As simple a step as adding UV protection film on windows can enhance a room's energy efficiency and protect furnishings from fading in the sun.

Another exciting building materials innovation is the tankless water heater. Traditional water heaters heat anywhere from 40 to 80 gallons of water at a consistent 120 degrees around the clock, but tankless heaters warm the water only when you need it. As long as a faucet shower or hot water appliance is operating, the tankless continues to run (until the water is turned off). Tankless costs more, but the U.S. Department of Energy estimates projected energy savings of around 50 percent. These compact units are the size of a medicine cabinet and can go on the wall, in a closet or outside a home.

If green roofing is impractical for your community, Energy Star qualifies roof products, typically metal roofs or shingles, with a special coating that reflect more of the sun's rays, which in turn can lower the roof's temperature by up to 100 degrees. This decreases the amount of heat transferred into a home, reducing the need for air-conditioning. For more information, visit www.energystar.gov.

The National Institute of Standards and Technology designs software supporting decisions for green building products and design. For details, visit www.bfrl.nist.gov/oae/publications/proceedings/cib.pdf.

Land and Lakes Management Innovations

Many communities have set up separate nonprofit corporations to preserve or conserve land in their communities. Like them, you can emphasize native plants, removing invasive non-natives such as kudzu and Chinese tallow tree, which can choke out indigenous plants. Some community associations are removing turf and plant beds entirely and returning portions of their common areas to forest, prairie grass land or wild dunes

Still another step being taken by some community associations is the removal of their chemical budgets for pond maintenance to curtail plants and algae and instead depending on natural organisms. In some cases, communities are setting aside areas for wildlife habitat.

Community association professionals often are entrusted with the stewardship of large tracts of maintained and natural open space. Two areas that come to the forefront are golf courses and equestrian facilities such as pastures and polo fields. Other areas that receive less attention but have major impacts are parks, forestland and lakes. Associations have turf care operations that maintain common areas and individual private lawns for owners. Right-of-way maintenance can also have significant impacts in many communities. Each of these areas bring unique opportunities for green solutions.

Improved management practices and technologies continually evolve to address the increased focus on proper stewardship in environmental issues. Investing in continuing education for the key players in community operations is vital to keep the community abreast of these issues and the scalable solutions that can be implemented by both the community and individuals. Golf course superintendents and directors of community maintenance, public works, utilities, and grounds are primary staff members that should be fully aware of the issues and goals in this area.

The Golf Course Superintendents Association of America (GCSAA) and its Environmental Institute for Golf are a major resource in both researching environmental issues and providing quality continuing education for all types of turf management. The GCSAA has identified five focus areas for addressing environmental issues: Water Management (Conservation and Quality); Plant Management; Wildlife and Habitat Management; Energy and Waste Management; and Site Selection, Design and Construction.

Audubon International, another leader in the promotion of green environmental management, offers programs that are specific to golf courses but also address sustainable private communities. Certification programs for courses and communities provide the opportunity for extensive planning and review to develop best management practices. In these, the development of a Natural Resource Management Plan addressing the five aforementioned issues is a key focus.

Maintaining acres of turf to the quality required by community associations can be a water-intensive operation. Many older communities and golf facilities may have irrigation systems with outmoded technology that may not reach the conservation goals for environmentally sensitive operations. Some of the areas identified as opportunities include:
- Use of reclaimed and effluent water
- Sophisticated weather instruments
- Drought and salt-resistant grasses
- Water quality monitoring innovations
- Storm water management

The management of appropriate turf and plant species in a high-quality manner entails numerous environmental focus areas such as chemical usage reduction and organic pest and insect management.

The Bio-Integral Resource Center (integrated pest management), www.birc.org/, provides resources and information about the latest research and practice of integrated plant management.

The normal 18-hole golf course consists of 100 acres of intensely managed turf and 50 acres of scenic buffer. This diverse habitat typically contains wetlands, grasslands, streams, ponds, and various types of forest. Management practices to benefit wildlife involve strategic brush placement, food and water sources, nesting structures and native plantings (berries, seeds, nuts).

Proven strategies include the creation of vegetation corridors linking isolated habitat patches, the avoidance of applying fertilizers and chemicals on paved surfaces, and vegetation buffer strips on streams and ponds to reduce run-off of sediment and chemicals.

As with most community operations, appropriate energy usage, waste reduction and reuse has a significant place in green management practices at golf courses. Focus areas include environmentally-friendly products, "green purchasing" practices, waste management, recycling, composting, alternative fuels and electric carts.

Much of a community's amenity infrastructure requires periodic renovation and replacement. This is particularly true of golf course amenities, and always affords the community association professional an opportunity for positive environmental impacts.

In considering any infrastructure renovation, employing the latest techniques in site selection design and construction techniques can significantly reduce the environmental impact of a facility. These projects should consider many elements in the planning process. Major considerations include the relocation of key elements to reduce impact, use of natural storm water filtration techniques instead of traditional surge basins, reduction of impervious surfaces, reduction of maintained turf acreage, and turf and materials selection.

While much of the research in this area has been developed for the golf industry, these resources are applicable throughout the scope of natural elements under the stewardship of community associations. Green operations are not simply for the large acreage tracts. Maximum benefit results when the practices are carried into all residential, commercial and common areas.

The responsibility for good stewardship is not reduced simply because many landscape maintenance services are contracted with outside vendors. When developing bid specifications for these services, many of these elements can be incorporated. Quality turf and landscape maintenance contractors are aware of the changing trends in management practices.

Helpful resources include:
- Golf Course Superintendents Association of America, www.gcsaa.org/
- The Environmental Institute for Golf, www.eifg.org/
- USDA Insect and Pest Management Information Center, www.ipmcenters.org
- EPA Environmental Stewardship, www.epa.gov/stewardship/
- Audubon International, www.auduboninternational.org/

Green Product Availability to Community Members and Staff

A growing number of communities are supporting sustainable agriculture, which refers to the ability of a farm to produce food indefinitely without causing severe or irreversible damage to ecosystem health. Two key issues are biophysical (the long-term effects of various practices on soil properties and processes essential for crop productivity) and socio-economic (the long-term ability of farmers to obtain inputs and manage resources such as labor).

Going hand-in-hand with sustainable agriculture is the concept of buying local. The goal is simply to buy food (or any good or service) produced, grown, or raised as close to your home as possible. With industrialization, food is now grown and processed in fewer and fewer locations, meaning it has to travel further to reach the average consumer's refrigerator. Although this method of production is considered efficient and economically profitable for large agribusiness corporations, opponents characterize it as harmful to the environment, consumers and rural communities.

Consider selling locally made gifts and products clearly marked as earth-friendly to show your community's commitment to going green. Ask members and staff to share their ideas. For an abundance of information to share with members and staff concerning green community living, go to www.earth911.com.

Energy Efficient Transportation

Three times in the past three decades, oil-dependent economies have been hindered by dramatic oil price increases—in the mid 1970s, the early 80s and since 2006. Alexander Iler, Assistant Director General for the Food and Agriculture Organization of the United Nations, indicates that the gradual move away from petroleum will continue: "Over the next 15 to 20 years, we may see biofuels providing a full 25 percent of the world's energy needs."[121]

Biodiesel (waste vegetable oil and animal fats). Feeling the pain of higher fuel costs, some residents are making their own biodiesel from waste vegetable oil. At a cost of about $1.50 per gallon, biodiesel can be made from waste oil pickup at a local restaurant, mixing chemicals with the oil, and then filtering out the fuel from the residual products (glycerin and goo). Drawbacks to this production are that: 1) the member will need the approximate size of a car-parking space that is covered for machinery to make the conversion, 2) the machinery looks like a liquor still so would not be ARB compatible in most instances unless screened, and 3) the work is a three-day, labor-intensive process that requires strict adherence to established guidelines.[122]

Ethanol. This fuel can be synthesized biologically (from plants, not petroleum) and works in current engines. Ethanol is already a U.S. fuel additive. Butanol, another type of bio-alcohol like ethanol, is less toxic than ethanol and has a high flashpoint of 95 degrees, which is a benefit for fire safety but may cause some difficulty starting engines in cold weather. Currently, Brazil and the United States are the largest producers of alcohol fuels in the world.

The U.S. Department of Energy offers a website to help consumers understand the average fuel economy of their cars and light trucks. Go to:

- www.fueleconomy.gov/feg/gasprices/states/index.shtml to find the location of the cheapest gasoline in your city

- www.fueleconomy.gov/feg/drive.shtml for gas mileage tips
- www.fueleconomy.gov/feg/findacar.htm to find a compare costs and mileage for a new car

Among the most fuel-efficient vehicles are hybrid electric models, which combine a conventional propulsion system with a rechargeable energy storage system. Unlike battery electric vehicles, they are not hampered by range.

In 2007, Canada introduced a fuel efficiency initiative, which included a performance based rebate program offering up to $2,000 for the purchase of a new fuel-efficient vehicle and a Green Levy (tax) on fuel inefficient vehicles.[123] To encourage hybrid electric models, certain states—New York, Virginia, California—allow these vehicles with single occupants to enter high-occupancy lanes.

That incentive indeed has boosted sales of the models in those states. The list of such vehicles continues to grow. In 2008, it included the BMW 1 Series, Cadillac Escalade, Chevrolet Malibu, Chevrolet Tahoe, Chevrolet Silverado, Dodge Durango, GMC Sierra, GMC Yukon, Honda Civic Hybrid, Lexus GS 450h, Lexus LS600hL, Mazda Tribute, Nissan Altima, Saturn Aura, Saturn Vue Green Line, Toyota Camry Hybrid, Toyota Kluger/Highlander Hybrid, and Toyota Prius.

The latest hybrid technology is the Plug-in Hybrid Electric Vehicle (PHEV). The PHEV consists of a gasoline-electric hybrid whose battery pack (usually lithium-ion) is upgraded to a larger capacity, which can be recharged by either a battery charger hooked into the electrical grid or the gasoline engine (only if required). The car runs on battery power for the first 10 to 60 miles, with the gasoline engine available for faster acceleration.

After the battery is nearly discharged, the car reverts to the gasoline engine to recharge the battery or the owner can return the car to the charging station. This may get around the fundamental obstacle of battery range that has made nearly all pure electric cars impractical. Fuel costs (ignoring conversion costs), in principle, may be as low as five cents per mile. It remains unclear whether converting an existing hybrid car will ever pay for itself in fuel savings. No major car company offers PHEVs yet. However, BYD Company, China's largest mobile phone battery maker, says it will launch production of its mid-sized sedan, the BYD F6DM, in the second half of 2008.[124]

To learn more, visit the U.S. Department of Energy's website on Energy Efficiency and Renewable Energy at www.eere.energy.gov. Additionally, Friends of the Earth U.S., www.foe.org, has a good article on plug-in cars.

The U.S. Census indicates nearly 4.2 million people in the U.S. worked from home in 2000, up from 3.4 million in 1990. Working from home saves energy and time by cutting out the commute but it may increase your home energy bills.[125]

Getting Help from Environmental Professionals

Just as association managers and community association volunteers are becoming more interested in going green, so are professionals in other industries, as well as a whole new breed of environmental specialists. For example, the American Institute of Architects, www.aig.org, now has public policies on building green. AIA also supports the Leadership in Energy and Environmental Design (LEED) Green Building Rating System, which provides a suite of standards for environmentally sustainable construction. AIA also supports

the EPA's Energy Star Challenge, the national call-to-action to improve the energy efficiency of America's commercial and industrial buildings by 10 percent or more.

The American Society of Landscape Architects, www.asla.org, has adopted public policies on sustainable land management. The group also embraces the Sustainable Sites Initiative, which offers a certification that is the landscape architect's version of the LEED certification.

Waste management consultants can be very helpful with recycling plans and proper hazardous waste disposal. Increasingly, municipalities have become involved in this domain and may also offer useful resources for waste management.

You can gain useful horticultural assistance from a number of groups, including:
• American Society of Consulting Arborists, www.asca-consultants.org
• American Horticultural Society, www.ahs.org
• Society of American Foresters, www.safnet.org
• Bio-Integral Resource Center (integrated pest management), www.birc.org/

The roster of land conservancy or land advocacy groups eager to lend horticultural assistance, often at no charge, includes:
• The Nature Conservancy, www.nature.org
• The Wilderness Society, www.wilderness.org
• The Trust for Public Land, www.tpl.org
• Environmental Defense Fund, www.edf.org
• Natural Resources Defense Council, www.nrdc.org

Getting Community Recognition

As an association leader, you naturally want your community to stand out as excellent. Sometimes the best recognition is receiving national certification from an outside professional organization, showing that your community is indeed an attractive shade of green.

The National Wildlife Federation (NWF) offers several noteworthy programs. Through its Backyard Habitat Program, you can encourage individual community members to certify their backyards as places for wildlife to find food, water shelter and places to raise young. The cost is $15 and the application is easy. For details visit www.nwf.org/backyard/certify.cfm.

NWF also offers a Community Certification Program. Earning certification for your whole community as a wildlife habitat requires a certain portion of your community to have their backyards certified under the backyard habitat program. Requirements are based on community size, with larger communities having to do more. In a high-rise? No problem. NWF will work with you. Find out more at www.nwf.org/community.

Pay Audubon International's annual membership fee of $250 and you become eligible for some prestigious environmental awards. Audubon's Environmental Stewardship Award is a communitywide initiative in which you choose three environmental improvement projects in one year and report results. Your community can choose from five environmental tracks: wildlife, water, outreach education, eco-efficiency and community. For example, you could choose to plant gardens for wildlife, clean up streams, recycle or improve building energy efficiency.

Audubon's Neighborhood for Nature Award requires that your community establish a neighborhood Audubon Committee, complete the neighborhood assessment and environmental plan and report on at least one project in each environmental track mentioned above. For details, visit www.audoboninternational.org/programs/PartnersforEnvironment/APE%20Neighborhoods.pdf.

Tree City USA—a designation by the Arbor Day Association in cooperation with the USDA Forest Service and the National Association of State Foresters—provides direction, technical assistance, public attention, and national recognition for urban and community forestry programs. Larger communities can earn the Tree City designation on their own. Smaller communities can work with a local municipality to encourage it to take the necessary steps to qualify for the designation. For details, visit www.arborday.org/programs/treeCityUSA/about.cfm.

As mentioned in the discussion about obtaining assistance from architects, the Leadership in Energy and Environmental Design (LEED) Rating System may be an option for new or existing buildings.[126] For new buildings, LEED is an ecology-oriented building certification program of the U.S. Green Building Council (USGBC). For existing buildings, LEED provides tools association leaders need to have an impact on their building's performance and allow for LEED certification of that building.

LEED concentrates its efforts on improving performance across five key areas of environmental and human health: energy efficiency, indoor environmental quality, materials selection, sustainable site development and water savings.

LEED rests on a collection of special rating systems that apply to all kinds of structures, including schools, retail and healthcare facilities. Rating systems are available for new construction and major renovations as well as existing buildings. The program informs and guides all kinds of professionals who work with structures to create or convert spaces to environmental sustainability, including architects, real estate professionals, facility managers, engineers, interior designers, landscape architects, construction managers, private sector executives, and government officials.

On its website, the USGBC says that LEED defines "a nationally accepted benchmark for the design, construction, and operation of high-performance green buildings" and "provides building owners and operators with the tools they need to have an immediate and measurable impact on their buildings' performance."

LEEDs ND (Neighborhood Development), still a pilot program, may turn into something bigger soon. For more information, visit www.usgbc.org/DisplayPage.aspx?CMSPageID=148.

Earthcraft House is an earth-friendly certification program that goes beyond energy efficiency to areas such as healthy house, indoor air quality, recycling construction waste and using recycled materials in the home construction process. Having gained greater acceptance than LEEDs in Georgia, it is expanding throughout the Southeast. Find out more at www.earthcrafthouse.com/About/newhomes.htm, www.earthcrafthouseva-sf.org/ and www.earthcrafthouse.com/Find-builder/regional.htm/.

Win the Hearts of the Majority

Assuming your community's membership is a busy, skeptical and educated group, you will want to persuade your community that green is the right way to go. Avoid any approach

that seems as though you are forcing green down your community's throat. For example, the green fanatic, seeing you throw your plastic fork in the trash bin, takes it out, goes after you with it, cleans it off, and places it into the recycling container—and probably alienates everyone witnessing this scene. *Influencer: the Power to Change Anything* is a great resource in the CAI bookstore at www.caionline.org to help persuade your residents to be more green.

If you—or your board—push and shove a green agenda upon the community's membership, you may find that your great ideas are perceived as dictates rather than green opportunities. Consequently, the community can become quite hostile to you or the program. For example, if you mail those "how to save money" tips for saving water to members, it is possible that could blow up in your face. Members could say, "Who are you to tell me I can't take a 45-minute hot shower if I want; this is America for goodness sake."

To obtain the results you want:

Reciprocate. People tend to return a favor, so give first. Thus, you gain acceptance by providing members with giveaways such as "Think green. Be green" bumper stickers or reusable canvas grocery bags. Your membership will appreciate these tokens of your interest. Consistently reward members who already are doing little green things with kindness, appreciation and community-wide recognition.

Show commitment and consistency. Do not push recycling if you do not recycle yourself. Do not promote car pooling and using energy-efficient fuels if those are things you never do.

Gain commitment and consistency. People who commit in writing or orally are more likely to honor that commitment. Make a portion of your website a major appreciation section to the members who have signed up for the native landscape planting activity you planned. If they sign up for one thing, they may well be part of your next green activity.

Give social proof. People will do things they see other people doing. As much as we hate to admit it, conformity makes a great persuader. So, if your community is not there yet, get your staff involved in it, and then bring members into the idea.

Be likeable. People are most readily persuaded by people they like. The success of Tupperware stemmed from that simple fact. Let people feel good about the green work they do. Remind them how important you truly believe their efforts are.

Use scarcity. Let it be known that the community gave out its first 100 reusable shopping bags quickly, and that the next batch is also expected to be snatched up shortly after arrival. Offering free native trees to the first 25 respondents monthly for four months should ultimately result in more sustained community interest than offering all 100 trees in one month.

Regardless of the tactics you use, feel good and be open about them. Aim your green messages to influence opinions and behaviors of your community members. Be completely truthful. When you can, produce an emotional response from your members in addition to the rational response.

Never take the stance that you are right and your community members are wrong. You are not better than they are because you recycle and they do not. You have no right to be smug when you wear clothes produced from local cotton you have woven by hand,

whereas they shop out of state for international pre-made. You are not a better person because you turn up your nose at cheeseburgers and French fries. If self-righteousness is your attitude, then you are the green fanatic.

Seeing the Face of Your Green Community

Communities should show pictures and exemplify positive actions of local green-minded people, whether they are members of the staff or the community. Communities should highlight their green homeowners and staff in their newsletters, websites and other communications. Nothing expresses the importance of going green more than showing its human face. See what other community members, leaders and staff are doing by going to CAI's Community Green website at www.caigreen.org. Better yet, go to the website and provide your own green stories in the "My Green Community" section for others to read.

SECTION 3

Energy Management

Many options are available to community associations to improve energy use and reduce their impact on the environment. To evaluate energy management, the focus here is on the use of energy saving products and equipment. While new energy-saving products and equipment continue to be developed, a number of viable options already are available. (See section 2 for more specifics.)

Solar/wind energy. Photovoltaic cells can harness the sun's energy directly for electricity generation within a community or connected to the power grid. Energy from the sun and wind is suitable for heating spaces, pools and spas and general water heating.

Lighting. Buy or convert to fluorescent lamps and bulbs, which are four to five times more efficient than incandescent bulbs. Harvest daylight by locating workstations adjacent to windows. Use DaySwitch™ on light switches, which employ a photo-sensor to measures daylight levels and send a signal to a microcontroller that switches lights on and off. Replace inefficient exit signs with high efficiency light-emitting diode (LED) exit signs, which operate 24 hours-a-day and have lower maintenance costs due to their extended life.[127]

Appliances. An array of Energy Star™ appliances—clothes washers, dehumidifiers, dishwashers, refrigerators, air conditioners and more—are certifiably energy efficient. In commercial kitchens, use microwaves whenever possible instead of ovens. Use a programmable thermostat. Install a tankless on-demand water heater. Use low flow showerheads in community buildings.

Windows. Specify Energy Star rated windows and doors. Close window blinds and curtains on summer days. In winter, close curtains at night to capture passive solar heat. For large windows in direct sunlight, install UV protection window film.

Roofing materials. Photovoltaic roofing materials generate electricity whenever the sun shines. Reflective roofing products reduce the temperature of the roof, minimizing heat transference to a building during warm summer months. A green roof replaces traditional flat (built–up) roofing with a lightweight, living system of soil, compost, and plants. The resulting thin, green skin atop a building filters rainwater and some of its pollutants. The plants produce oxygen to help clean the air. A green roof also reduces a building's heating and cooling costs, acting as a form of insulation.

Office equipment. To dramatically reduce carbon-dioxide emissions, use long-lasting lithium-ion batteries instead of AA or AAA batteries to power small electronics. Remove carpeting, which emits carbon-dioxide, and install other flooring products such as tile. Use recycled paper. Use a laptop and not a desktop computer to cut energy use by as much as 80 percent.

Stay Informed

Making buildings greener takes a commitment—to yourself, your family, your community and the world. More than that, it is a learning process. As exciting new technologies, products and scientific breakthroughs constantly emerge, staying educated on the

hows—as well as the whys—of maintaining green buildings is the best way to ensure your efforts are as effective and beneficial as possible. Many resources from other organizations offer great ideas for energy management.

The American Society of Heating Refrigeration and Air Conditioning Engineers offers a 105-page publication about green-sustainability practices in buildings, including theaters, health facilities, athletic or recreational facilities and even dedicated outdoor air systems. You can review or download the entire document at www.engineeringfor-sustainability.org/docs/greentips_2006.pdf/.

A 2008 study indicates that LEED certified or the Energy Star labeled buildings outperform their non-green counterparts in occupancy, rental rates and sale prices. As an association leader, you can hire a professional energy auditor to determine ways to reduce your buildings' energy consumption. For more information, go to the Department of Energy's consumer website at www.eere.energy.gov/consumer/your_home/energy_audits/index.cfm/mytopic=11180. Also, the Energy Star website, www.energystar.gov, is a treasure trove of information about appliances, products, manufacturers and recommendations.

The payback from a building's energy savings can come quickly. Consider that you can recoup the cost of an Energy Star programmable thermostat in less than a year, a heating & cooling system tune-up in nine to 18 months, and professional sealing of air leaks and ducts in less than two years.[128]

For comprehensive information about the benefits of compact fluorescent light bulbs, visit the Changing One Billion Light Bulbs website at www.onebillionbulbs.com.

SECTION 4
Transportation Management

To plan and organize green transportation management, begin by conducting a review of relevant existing facilities and programs that concern the transportation alternatives within and near the community. Select a person or form a team that is responsible for the development of the transport plan. Then establish monitoring and evaluation procedures. Include three overall principles in your planning process:

- Encourage the modal shift from private cars towards public transport and non-motorized or environmentally friendly modes of transport.
- Avoid or reduce unnecessary or undesired mobility.
- Promote good accessibility to local amenities.

A sustainable community transportation system should:

- Promote the owners' selective and rational use of private cars with a preference for clean, quiet, energy-efficient vehicles powered by renewable or alternative fuels.
- Facilitate access to a regular, frequent, comfortable, modern, competitively priced, well-linked network of public transportation.
- Increase the share of non-motorized transport (walking and cycling).
- Make the most efficient use of land.
- Be actively managed in an integrated manner with the participation of all the stakeholders.
- Have short, medium and long-term objectives with an effective monitoring system.

Promote the establishment of a consistent and cooperative development plan at both the community level and on a sub-regional scale. Encourage the participation of stakeholders at all key stages of development and the implementation of the transportation plan. Developers of new associations, particularly master associations, should try to control urban sprawl and plan compact, rather than dispersed, settlement patterns to minimize trip lengths and promote sustainable modes of transport.

To maintain high population densities in the central district area, public transport services should be improved and prioritized over the construction of ring roads, also known as beltways. However, at least one ring road is required to prevent heavy-duty vehicles from crossing the central district area.

Locate new residential developments on sites available in, or close to, built-up areas, such as along public transport corridors, where public transport can provide a viable alternative to the use of private cars. In large development areas, modal interchanges for public transport, walking, and cycling need to be provided.

Make efforts, in all districts of large urban areas and in smaller towns, to keep a balance between housing, jobs and services by proactively implementing measures to ensure mixed-use areas.

Design residential areas to take into account walking distances from dwellings to bus stops and other current or future public transport facilities. Amenities such as supermarkets, health, educational or leisure centers ought to be located within easy walking or cycling distances.

Residential areas should also be well connected to high activity centers and public areas with direct cycling and pedestrian routes in addition to an efficient public transport system. Comprehensive cycle and pedestrian networks should be emphasized in any large association design.

Encourage mobility in the community with attractive services for alternatives to private cars. Home-to-work, work-to-school and school-to-home trips (the most frequent urban trips) are done mostly by car. The involvement of all involved parties (such as parents groups, student bodies, local government and transport companies) is essential in building a successful mobility plan. Encourage people to live close to their workplace, decrease the distances traveled daily, and adapt their mobility habits to the mobility plan (such as using bicycles for distances less than two miles).

Help owners of companies create their mobility plans by providing them with practical information and tools. Among items they might appreciate seeing are local transport plan regulations, local practices, information leaflets, or even customized solutions for employee groups within companies.

Explore possible agreements between the public transport authority and the operators to propose attractive fares for community members. Consider the governance issues, especially in terms of parking regulations. For example, legal problems may arise from imposing parking restrictions such as for resident-only spaces. Parking should be part of a global transport policy, allowing for the coordinated and efficient use of all modes of transport—public transport, private vehicle, bicycle, walking—and should be linked to the association's planning policy.

In the development process, parking should be considered as an element in a wider transport and access policy. As part of a general traffic management policy, prudent parking policy could release central road space for other users, particularly pedestrians and cyclists.

Because parking in residential areas is hazardous and undesirable in other ways, plan to at least separate parking space from public space. Impose such design restrictions during early layout phases of new associations. At the same time, strongly encourage the inclusion of cycle storage space.

Consider the applicable governance, especially the possibility of the association's acquisition of cleaner vehicles and maintenance equipment. Include alternative fuel and electric vehicles, mowers and power tools. Invest in a bicycle or clean vehicle fleet for association personnel and work-related transportation for association employees.

Promote car-sharing and car-pooling, remembering that such practices require a change in the habits of potential users. Show your commitment to car-sharing and car-pooling schemes by including useful information on the association's web site, and perhaps in concert with adjoining associations and local governmental entities. Car-pooling should be managed by a specific person or committee able to solve individual problems.

A cycling policy should be an element of a community transportation policy aimed at reducing the market share of private motorized traffic (modal shift). Consider cycling as a viable mode of transport and strive to make it one of the first modes of transport within the local authority.

Set up an integrated plan and implement groups of measures step-by-step because single measures only have a limited effect. Change priority rules for private motorized traffic, favoring cyclists over private motorized traffic when and where possible.

Plan the improvement of existing infrastructures and the realization of new ones, the ultimate aim being to build a comprehensive network that is interconnected (without breaks), safe and comfortable. Involve local stakeholders—including cyclists, drivers and other road users—in the preparation and implementation of cycling and pedestrian measures. Coordinate with neighboring associations and local authorities to find a joint integrated approach for a whole area, not limited by association boundaries.

Wherever possible, redistribute the roadway between cars, public transport, cyclists and pedestrians. Increase all road users' awareness of each other through signs and road markings. Use all possible methods to develop the cycle network and improve the condition for cyclists, including their security and comfort. Often, that means creating cycle paths instead of cycle lanes.

Use traffic-calming or living street measures, such as the establishment of lower speed limits. In residential areas of the association, give priority to pedestrians and bicycles, and discourage through-traffic.

Establish well-equipped parking facilities and bike shelters for cyclists to minimize theft. Equip spaces reserved for bikes in neighborhoods, commercial centers and schools with racks, bollards, hoops and other support devices. Consider making bicycles available free of charge at different points within the association.

Existing association roads must be regularly maintained, repaired and upgraded by removing architectural barriers from all pavements. Due to associations' limited budgets, such measures should be properly coordinated to save financial resources.

Connect cycling and pedestrian routes to local recreational areas. Cyclist and pedestrian facilities requirements (such as bike racks) should be considered and included in these areas.

For school mobility plans, have children picked up by foot and/or by bike, organized along with the school administration and teachers, parents (voluntary collecting and walking of the children in turns), and the police or city staff (safe road crossing, technical rules, marketing support). Further involve schools by organizing specific campaigns for children, and raise awareness among parents about safety and health issues related to school journeys.

Create an environmentally concerned logo/sticker that can be awarded to owners using alternative transportation as an incentive to participate in such measures. Additionally, an association contest can be organized for awarding the city's mobility plans best initiatives.

Regularly publish articles in local publications, especially your association's newsletter, about your progress in implementing the association's transportation plan and achievements in terms of traffic reduction or other benefits in this regard. Consider creating a specific section the association's website concerning urban planning and sustainable mobility aspects so that citizens can receive up-to-date information about the development of their city. Emphasize such benefits as improved air quality, reduced noise, and the modal shift in favor of more sustainable modes of transport. In your promotional efforts, make use of already available resources, including city maps that

provide information about the public transport network, cycling routes and mobility services.

Try to influence nearby neighborhoods and associations that might be interested in teaming up with your association on the mobility plan by:

- inviting representatives to the meetings of the organization developing the plan
- including them in the test measures
- carrying out door-to-door awareness-raising actions
- conducting qualitative surveys
- polling, managing and launching best practices for residents

SECTION 5
Waste Management

The average person generates 4.5 pounds of waste each day, according to Waste Management, Inc. Preventing waste in the first place is usually preferable to any waste management solution. When prevention is not an option, and donating the item for reuse or repair is impractical, consider recycling for the recovery of metals, plastics, glass and other materials. Check out your state or municipality websites for a government-sponsored program, or Google "recycling in (your area)."

How can you reduce your daily waste?
- When shopping, select products with minimal packaging.
- Buy items in bulk.
- Instead of using the grocery store's plastic bags or paper sacks, bring your own reusable tote bags.
- Use rechargeable batteries.
- Use cloth napkins instead of paper and silverware instead of disposable plastic ware.
- Refill water bottles from gallon containers, or install a filter on faucets to directly fill water containers.
- Select durable products; they may cost more, but they will last longer and save in the long run.
- Choose recyclable products and packaging, and then be sure to recycle them.

What items can be recycled?
- Compact Fluorescent Light bulbs (CFLs), using special kits available from home repair stores and some trash removal companies
- Device and car batteries
- Electronics and computers
- Glass, including bottles and jars
- Aluminum cans and containers
- Paper, including newspapers, magazines, office paper and cardboard
- Yard trimmings, including grass, leaves and shrub and tree clippings
- Used motor oil
- Food waste
- Appliances, including stoves, refrigerators, washers and dryers and washing machines
- Vehicle carcasses

According to the Environmental Protection Agency, each year Americans fill a convoy of trash trucks reaching halfway to the moon.

What's in our Trash?	
38 percent	Trash
18 percent	Lawn trimmings
8 percent	Metal
8 percent	Plastic
7 percent	Glass
7 percent	Food waste
14 percent	Other waste

Imagine, if we recycled everything that could be recycled, that convey of trash trucks would be long enough only to reach the next landfill. The EPA has set a national goal of reducing and recycling 25 percent of our waste. What is your community association doing to achieve that target?

A Growing Web of Resources for Managing Waste

Fortunately, more and more federal, regional and local government agencies, manufacturers and retailers, trade associations and nonprofit environmental groups very much want to help you manage waste. For example, manufacturers and retailers take different approaches to give you several options to donate or recycle your electronics, such as:

- Offering take-back, mail-in, or trade-in programs
- Supporting local organizations that collect equipment
- Hosting collection events at retail locations
- Supporting local recycling events with cities and municipalities

Comprehensive websites offering details about such programs, free publications, posters and links to yet other websites are only a click away for anyone with Internet access.

Waste Reduction and Recycling

- *The Consumer's Handbook for Reducing Solid Waste*, www.epa.gov/osw/wycd/catbook/index.htm, describes how consumers can reduce their garbage by making environmentally aware decisions about products and packaging.
- *Moving Out, Moving In: Making Environmental Choices When You Move*, www.epa.gov/osw/wycd/catbook/index.htm, suggests environmentally safe alternatives to throwing away unwanted "junk" and shows consumers how to make smart, informed decisions when purchasing new items.
- *Recycle: You Can Make a Ton of Difference*, www.epa.gov/osw/wycd/downloads/recy-ton.pdf, introduces the national recycling campaign by providing an overview of solid waste problems and recycling solutions.

Household Hazardous Waste

- *Be Smart* (Poster), www.epa.gov/osw/conserve/materials/pubs/hhw-con.pdf, lists some of the household products that contain ingredients that can harm you and your family; it is also available in Spanish, www.epa.gov/osw/conserve/materials/pubs/sp-hhw-con.pdf.
- *Sure your home is clean...but is it safe for your family?*, www.epa.gov/osw/conserve/materials/pubs/hhw-safe.pdf, provides guidance to safeguard your family, your home, and your community from harmful products and ingredients commonly used for cleaning, carpentry, auto repair, gardening and other tasks; also available in Spanish, www.epa.gov/osw/conserve/materials/pubs/sp-hhw-safe.pdf.

Household Medical Waste

- *Protect Yourself, Protect Others: Safe Options for Home Needle Disposal*, www.epa.gov/osw/nonhaz/industrial/medical/med-home.pdf, briefly describes disposal options for people who use syringes and other medical sharps at home. Contains information

on six types of services available to home users: drop-off collection sites, community household hazardous waste collection centers, residential "special waste" pick-ups, syringe exchange programs, mail-back services and home needle destruction devices; it is also available in Chinese, www.epa.gov/osw/nonhaz/industrial/medical/med-chinese.pdf.

- *Handle with Care: How to Throw Out Used Insulin Syringes and Lancets at Home - A Booklet for Young People with Diabetes and their Families*, www.epa.gov/osw/education/pdfs/han-care.pdf, offers easy directions and illustrations on how to protect family members and waste handlers from injury while keeping the environment clean and safe.

Lawn and Garden

- *Composting*, www.epa.gov/osw/conserve/rrr/composting/index.htm, discusses and defines composting, what compost can be used for and other related topics.
- *GreenScaping: The Easy Way to a Greener, Healthier Yard*, www.epa.gov/oppfead1/Publications/catalog/greenscaping.pdf, offers guidance for consumers on changing their landscapes to greenscapes, saving time and money while protecting the environment.
- *Used Oil for Recycling/Reuse: Tips for Consumers Who Change Their Own Motor Oil and Oil Filters*, www.epa.gov/osw/wycd/downloads/recy-oil.pdf, provides step-by-step instructions for changing motor oil, recycling used oil, and changing and recycling used oil filters; it is also available in Spanish, www.epa.gov/osw/inforesources/pubs/espanol/f94008s.htm.
- *You Dump It, You Drink It—Recycle Used Motor Oil*, www.epa.gov/osw/conserve/materials/usedoil/campgn/en-dumpbr.pdf, provides information for do-it-yourselfers and consumers on the impacts of improperly disposed oil, as well as guidance for proper disposal; it is also available in Spanish, www.epa.gov/osw/conserve/materials/usedoil/campgn/sp-dumpbr.pdf.

Computers and Other Electronic Products

- *Donate or Recycle Electronics: eCycle*, www.epa.gov/osw/partnerships/plugin/pdf/donate.pdf, briefly describes the EPA's campaign to encourage the reuse and recycling of electronic products such as computers, monitors, printers, televisions and cell phones.
- *Recycle your cell phone. It's an Easy Call*, includes information from leading cell phone manufacturers, service providers and retailers to increase the awareness and recycling rates for cell phones and Personal Digital Assistants (PDAs), www.epa.gov/osw/partnerships/plugin/cellphone/index.htm; it is also available in Spanish, www.epa.gov/osw/partnerships/plugin/cellphone/spanish/index.htm.
- *Plug-In To eCycling*, www.epa.gov/osw/partnerships/plugin/index.htm, is the website of a partnership between the EPA and consumer electronics manufacturers, retailers, and service providers that offers more opportunities to donate or recycle used electronics.
- *E-cycling Central*, the Electronic Industries Alliance's Consumer Education Initiative, www.eiae.org/, helps identify reuse, recycling and donation programs for electronics products by state.
- *My Green Electronics*, www.mygreenelectronics.org/, from the Consumer Electronics Association, is a resource for consumers wishing to purchase green products or searching for local opportunities to recycle or donate used electronics.

- *TechSoup*, www.techsoup.org, the technology place for nonprofits, offers a comprehensive body of information for those who would like to donate hardware, those who would like to acquire recycled hardware, and refurbishers.
- *If It's Rechargeable, It's Recyclable*, www.rbrc.org/consumer/, from the Rechargeable Battery Recycling Corporation, can help you recycle portable rechargeable batteries commonly found in cordless power tools, cellular and cordless phones, laptop computers, camcorders, digital cameras, and remote control toys. Search for collection sites by zip code.
- *Learn More about eCycling Programs Where You Live*, www.epa.gov/osw/conserve/materials/ecycling/live.htm, includes specific information about regional and State electronics recycling programs; some of the links are to state pages pertaining to waste management, solid waste or municipal solid waste.
- *Electronics Recycling Web Portal*, www.electronicsrecycling.org/Public/default.aspx, contains helpful information and useful links from the National Center for Electronics Recycling, a non-profit organization dedicated to the development and enhancement of a national infrastructure for the recycling of used electronics in the United States.
- *Where Can I Donate or Recycle My Old Computer and Other Electronic Products?*, www.epa.gov/osw/conserve/materials/ecycling/donate.htm#local, contains invaluable links to local programs, manufacturers and retailer programs, and government-supported donation and recycling programs.

SECTION 6

Building Management

Green building management requires attention to a number of different variables. Among areas association managers and community leaders must consider are sustainable practices, water efficiency, energy and atmosphere, materials and resources, and indoor air quality.

Sustainable Sites

All sustainable building management practices have the potential to make a positive impact on the environment, but no other component impacts the local environment as much as sustainable site operations. Site management components include hardscape and landscape, as well as exterior building practices.

Hardscape strategies. Community leaders should seek to develop procedures that minimize environmental impact in areas such as painting and waterproofing of building exteriors, snow removal and pest management. Particular attention should be paid to chemical runoff and its effect on local plants and water tables.

Natural materials such as sand are preferable to chemical ice-melting products. However, keep in mind that excess sand accumulation should be collected at the end of the season to avoid sediment in storm sewer systems.

Landscape strategies. A sustainable landscaping philosophy minimizes the use of chemicals and irrigation systems. Managers and community volunteers should seek to use native plants that will thrive on local rainfall without additional irrigation, and avoid fertilizers and pesticides that degrade local water bodies.

Rain water runoff. The control of storm water is a major component of site sustainability. Buildings reduce the area of exposed permeable ground available to absorb rainfall. Roofs and paved parking areas act as catch basins, collecting rainfall and contributing to soil erosion. Outdoor parking areas can introduce oil, antifreeze, and other automotive chemicals to the water table through uncontrolled rainwater runoff.

Heat island syndrome. Dark colored anti-reflective surfaces on roofs and parking areas act as heat radiators and absorbers of solar energy, raising the temperatures of the immediate environment. This causes the expenditure of additional energy to cool the interiors of building located within this "heat island."

The use of vegetation or reflective materials on roofs significantly reduces the heat island syndrome. The resulting energy savings in the building's HVAC operations can be considerable.

Light pollution management. Outdoor lighting should be carefully controlled and focused to minimize the impact on nocturnal ecosystems. Motion sensors help by limiting security lighting. Additionally, you should consider ways to minimize lighting for architectural effect.

Water Efficiency

The goal of the board of directors and the association manager should be to reduce

public water consumption in buildings consistent with the efficient operation of building equipment and occupant use.

Use nonpotable water. Wherever possible, sources of nonpotable water such as collected rainwater or well water should be used for non-consumption requirements.

Reduce consumption. The installation of low-flow plumbing fixtures such as shower heads and faucet aerators should be encouraged. Low capacity toilets can dramatically reduce demand on the public water supply. Lowering consumer consumption also reduces the energy demands of water treatment plants.

Energy and Atmosphere

Energy costs are a major contributor to the expenses of building operations, and the creation of that energy has a corresponding environmental impact.

Use commissioning. All community leaders should survey building operations with the goal of maximizing energy efficiency. In addition to reducing consumption, commissioning of building systems and practices can extend the useful life of equipment and reduce maintenance costs.

Reduce CFCs. In older buildings, leaking chlorofluorocarbons (CFCs) in air-conditioning equipment contributes to the degradation of ozone in the atmosphere and absorbs infrared-radiation-causing greenhouse effects. Replacing older CFC based equipment with modern systems also results in more efficient energy use.

Turn to sustainable energy technologies. Solar and wind energy technologies can significantly reduce the demand on public utility consumption and result in overall, long term cost savings. Augmenting public utility energy with sustainable sources can provide benefits for even smaller buildings.

Use regeneration. Recapturing the waste energy in equipment exhausts through heat exchangers or turbines provides an alternative source of power without adding stress to the environment.

Consider consumption reduction strategies. Energy conservation often can be achieved with very little capital outlay. Replacing incandescent fixtures with fluorescents will dramatically reduce the kilowatt costs of any building. Community associations should select fluorescent bulbs with the lowest mercury content possible because of disposal concerns. The use of occupancy sensors to control lighting when areas are not in use is another inexpensive technique to reduce consumption.

Materials and Resources

The goal of these strategies is to reduce the amount of landfill products resulting from building operations, and minimize the environmental impact of products used in those operations.

Sustainable materials. Community leaders should remain aware of the health and environmental benefits of all materials purchased for use within and around the building. Products that use recycled materials reduce the demand on natural materials as well as the amount of landfill waste. Additionally, the use of local products reduces the impact of transportation.

Waste reduction strategies. The Environmental Protection Agency has established three strategies for reducing waste—source reduction, reuse, and recycling. Source

reduction advocates the elimination of packaging and other non-recyclable material. Recycling removes used products from the waste stream for remanufacturing, either into new versions of the existing product or new products. It reduces the demand on natural resources and can provide an income to the building. Reuse of products that are serviceable but no longer needed by the building also reduces the waste stream and the demand on natural resources.

Indoor Air Quality

Indoor air quality directly affects the health of occupants, as well as energy demands and environmental contamination.

Ventilation strategies. Adequate indoor ventilation is necessary to protect occupants from tobacco smoke (if allowed), carbon dioxide and particulate matter. Air filtration can control exposure to bacteria, pollen, dust, animal dander, and chemical emissions from carpeting, paint and wallpaper.

Cleaning products. The selection of cleaning products affects not only the indoor building environment but the outside environment through the waste stream and sewage system. Associations should seek products that are low in volatile organic compounds (VOC), phosphates, and nitrates.

SECTION 7

Land-Use Management

The outcome of land and lakes best practices is to establish a degree of ecological health and sustain it over time. That requires human assistance.

Green land and lakes management can reduce development sprawl on a community's land area by layering activities simultaneously on a single site to make the most of an area. For example, a school may also be used as a community center, an interpretive trail as a butterfly habitat, and a rooftop as a garden. Sometimes, a meadow may temporarily become a parking lot. Consider sharing activities on one site at differing times of day or different days.

Green land-use management also aims to increase the value of outdoor space. Start by looking for places to remove concrete or paving, in favor of wooded areas that can accept or even store rainwater. Plant deciduous trees on the western side to shade structures in summer while allow sunlight to warm the structures in winter.

Establish a prudent diversity of plant species to make the land more inviting to animals. Selected wisely, plants can provide songbirds and animals with food, shelter and places to raise their young.

Both your community members and wildlife will appreciate the creation of forested areas, which are possible even in urban areas. Create walkable spaces without access to cars. Consider seating, drinking fountains and restrooms for those walkable routes.

Maintain land and lakes sustainably. A major step is to avoid blanket spraying of chemicals, particularly when a natural agent is available. For example, using ladybugs as predators to kill aphids can be greener than using traditional pesticides if ladybugs require less personnel maintenance over time and are environmentally friendly. The Bio-Integral Resource Center, www.birc.org, provides resources and information on integrated pest management practices.

Always consider the long term. It may be cheaper to maintain a large grass lawn this year than create a forest there, but given the annual costs to irrigate, aerate, mow and replace that lawn over time, it could be more sustainable to allow an area to grow on its own into a woodland or desert. Certainly, the natural alternative will ultimately minimize maintenance and replacement costs.

Going natural may not always come naturally, however. First, start to plan what you could accomplish. Hire professionals to help you or find professional volunteers in your community to inventory and analyze the community's land and lakes areas.

Tell them to consider simple solutions to make big improvements. This means more than just hiring a landscape architect. Consider turning to professionals involved in landscape architecture, horticulture, ecology and limnology (the study of lakes). If your community has professionals who would volunteer their expertise, they may make the best professional help.

Understand the dynamics of the living systems in which you work and make the area better for people (e.g., cooler in summer and sheltered from winter winds) and better for wildlife (e.g., improve plant diversity to improve wildlife diversity). This includes concepts such as:

- **Soil management.** Soil forms as rock is broken down by climate, organisms, and vegetation over time. In addition to weathered rock fragments and decaying remains of plants and animals (organic matter), soil also contains varying amounts of air, water and millions of microorganisms. It furnishes mechanical support and nutrients for growing plants. Soil is the basis for establishing plants. Consider your location.
- **Plant selection and planting.** Well-adapted native plant species are superior to introduced species when they provide wildlife food, shelter and places to raise young.
- **Weeding.** This refers to the removal of invasive species. For example, in the southeastern states, the Chinese tallow tree is a noxious invasive species that chokes out preferred native plants, particularly in wetlands. However, in areas to be transformed into forest, you may decide against most weeding to encourage emergence of native plants. Plan to inventory the species at least twice annually to verify that noxious unwanted plants have not sprouted. Before widespread removal, get advice from a horticulturist. The weed you seek to remove today could be the flowering perennial or tree you would want in the future. Typical lawns are not environmentally friendly, so minimize areas of turf, even on the golf course.
- **Watering.** Use prudent watering concepts such as planting native varieties of vegetation, which require less water than non-natives do.
- **Soil enrichment.** Know your soil's content in areas to be planted, but use caution in adding amendments. Your local county extension service will have information about how to take a soil sample and get it analyzed. Still, remember that if you are planting natives from your region, they will most often be acclimated to the soils in your area and require little artificial enrichment. For wooded or forested areas, cultivating will remove beneficial microorganisms and earthworms, which can be more detrimental than leaving soil untilled and planting in spots where nothing is growing. For desert soils, the soil surface needs to remain as it is—relatively compacted—to control wind and water erosion. By contrast, soils in the American Midwest can be improved by loosening to help seedlings germinate; however, except in agricultural situations, such action kills beneficial microorganisms and releases significant carbon.

Maintenance Versus Management

Your overall approach should favor land and lakes *management* techniques rather than landscape *maintenance* techniques. Strive to carefully guard your community's land and lakes as assets.

Consider conservation techniques by returning areas from suburban or urban to forest. Or simply make fairways thinner and return the resulting wider roughs to native vegetation. Similarly, allowing a five-foot swath of land beside pond edges may nurture the return to native vegetation while keeping lawn chemicals from getting into ponds. Give an already existing forested area a boost by planting preferred species welcomed by wildlife.

Maintenance is by rote, but management is understanding that healthy plants, even turf grasses, are best able to resist diseases and pest. Know the good parts of your soil's biology and build upon that. Fertilize conservatively. Create and use compost.

Let nature work its wonders. For example, in some parts of the country, placing corn gluten on turf in February stops crabgrass seeds from germinating. Attract beneficial insects,

including butterflies. Build homes for bats, which can consume enormous amounts of mosquitoes and other bothersome insects.

Remember, your community's land and lakes are valuable. In the typical park or golf course, specimen trees are surrounded by lawn. But you may underestimate the value of understory, those smaller trees, shrubs and groundcovers that would naturally occur under big trees.

The forest canopy reduces solar radiation so the ground does not heat up as rapidly as turf does. The understory provides even more shade, allowing decomposers such as fungi to flourish. This drives the nutrient cycle and provides favorable microclimates for animals, including people. In addition, future trees come from the understory layer. Moreover, replacing lawn with native shrubs and trees in the understory reduces the need for watering, mowing and adding lawn chemicals.[129] The Million Trees Los Angeles initiative found average annual benefits per tree planted amounted to between $38 and $56 per tree planted. Eighty-one percent of total benefits were aesthetic; eight percent, storm water runoff reduction; six percent, energy savings; four percent, air quality improvement; and less than one percent, atmospheric carbon reduction.[130]

The value of larger trees, particularly old-growth forest, stems in large part from their ability to store carbon, even in their soils. Indeed, they continue to absorb carbon dioxide from the atmosphere for centuries.[131] Until recently, conventional scientific wisdom had been that trees take in carbon the first 55 years of their lives; after that, the intake levels off until they die, when substantial carbon is released. But recent studies have found that in forests anywhere between 15 and 800 years of age, the forest absorbs more carbon than it releases.

Also valuable is xeriscaping,[132] which involves the installation of drought-tolerant plants in a landscape designed for water conservation. Even a densely-planted xeriscape saves enormous volumes of water.[133] The most drought tolerant species are the types of plants growing in the woods nearby. No harvesting allowed though: find your native plants at the local garden center.[134]

The green aesthetic for land and lakes management looks different. It looks wild. To some, this means it harbors dangers such as wild animals. Nevertheless, in an increasingly urban and suburban world, urban forests and other areas of wildness or managed areas of native vegetation can be welcomed. For example, gardens built on roofs have been popular in Germany since the 1970s. In the U.S., landscape architects Oehme and VanSweden removed clipped hedges in Washington D.C. public spaces in the 1980s and installed native grasses in their place, softening those hard-edged places. This landscaping style continues to grow in popularity.

Nature's look is not uniform, formal or controlled. Natural areas mature over time, as ugly ducklings over time turn into swans. To speed up the process by planting, exercise caution not to damage the existing soil microorganisms and organisms (earthworms) by disturbing the soil (plowing the soil, turning it over). Plant sparingly. Let leaf litter and dead branches fall where they will. Consider that the weeds coming up today could well be tomorrow's forest, so do not walk or drive upon the area more than is necessary.

Ascetics aside, green land management yields some attractive quality-of-life benefits. Consider that trees' shade can reduce ambient air temperatures by five to eight degrees in the summer.[135] [136] (See Section 1 for more information.)

Another noteworthy benefit is the potential for air-quality improvement. In major cities, trees greatly lesson the need for pollution-control devices by removing tons of ozone, sulfur dioxide, nitrogen dioxide and airborne particulates. Planting more trees in Houston area would make sense because particulate pollution is responsible for an estimated 434 premature deaths in that city each year.[137] Massive tree planting programs in Mexico City and Sacramento have reduced ozone accumulation.[138]

Moreover, green land management can significantly reduce heating, ventilation and air-conditioning expenses. The shade of a single well-placed mature tree reduces annual air conditioning use two to eight percent (often in the range of 40 to 300 kilowatt hours) and peak cooling demand two to 10 percent (often as much as 0.15 to 0.5 kilowatts).[139] Trees should be planted on the east and west sides of buildings for greatest energy savings. West shading allows shading during peak demand for energy and highest ambient temperatures. Since air conditioners run more efficiently when kept cool, another way to increase energy savings is to shade the air conditioner.[140] [141]

Governing Documents

The fully-functioning green community should be supported by the community association's governing documents: the covenants, conditions, and restrictions or declarations (CC&Rs); the articles of incorporation; the bylaws; and the design guidelines, if any have been adopted. To ensure the success of the programs covered in this report, you should pay particular attention to the governing documents to ensure they clearly authorize and uphold the particular green elements being incorporated into the community. It is, of course, easier to work these concepts into brand new documents, but below we will also discuss the additional issues involved in retrofitting the concepts into existing governing documents.

Check local laws. State and local laws, not to mention national laws, are constantly in flux as various jurisdictions respond to the cry for the more efficient use of resources. These laws vary widely from jurisdiction to jurisdiction, so make sure your documents comply with the current applicable laws.

For example, in some jurisdictions solar panels and clotheslines *must* be allowed. In other jurisdictions, sustainable building ordinances may have application to the renovation of structures or new additions. These laws can take a wide variety of forms (from zoning ordinance to statute applicable to condominiums or planned unit developments) and can be present at any or all levels of government—town, city, county, and state.

Check the various Leadership in Energy and Environmental Design (LEED) guidelines or local equivalents. Since first adopted in by the United States Green Building Council in 1999, the LEED Guidelines and other subsequent programs have provided guidance and consistency to people desiring to apply green build standards in various construction and development projects, including new construction, major renovations, homes, retail, and neighborhoods. Under this program, a project can attain one of several LEED certification levels that indicate the extent to which the building incorporates the requirements in the LEED standards.

When seeking LEED certification, ensure that the governing documents track, and carry forward, the program requirements. For example, the association for a mixed-use condominium project recently added provisions to the declaration regarding recycling programs, making provisions for adequate changing facilities for persons desiring to bike to work in the retail portion of the condominium, and assuring that the initial programs and uses were kept in place over time. Although an existing community may be unable to achieve the standards this program sets out, reviewing the LEED guidelines and other green standards can provide invaluable assistance as a starting place for ideas.

Evaluate and revise "stock" use restrictions. Many CC&Rs prohibit clotheslines, solar panels, compost piles, and vegetable gardens; however, in some cases these items may be permitted in limited circumstances. All of these items are essential (and in some cases, easy to accomplish) components of a green lifestyle. If a particular use or practice seems potentially objectionable, consider putting controls into place to neutralize objections while allowing the existence of the green items in certain circumstances. For

example, the design guidelines or declaration can require that clotheslines must be taken down when not in use or may not be in continual use for more than 10 to 12 hours at a time. Vegetable gardens may be allowed if located in a backyard or if the vegetables are also part of a decorative and aesthetically pleasing landscape plan.

Strict adherence to "cookie-cutter" use restrictions should be reevaluated. The restrictions for any community should be tailored to the needs of the community over time, regardless of a desire to go green, and should have the flexibility to be changed with appropriate notice to owners and input from them. These needs can change as the community changes over time.

Track changing technology. Architectural requirements and use restrictions need to be flexible to accommodate changing technology. When dealing with specific items, the CC&Rs and design guidelines should establish a procedure that allows changes to policies and guidelines without the need to obtain owner consents, while providing adequate notice to the owners and occupants who must comply with them. Creating a built-in sunset provision for guidelines or a mandatory review of the guidelines after a specific period of time will enhance the CC&Rs and design guidelines and assist in tracking the evolution of products available to owners.

Such guidelines should specifically state that new technologies and products not available when the design guidelines were initially adopted must be given special consideration in connection with reviewing requests for approval. Variances should be allowed and granted when new products are in harmony with the intent of the design guidelines and the then-current appearance of the development. Considerations for architectural guideline changes may include such simple ideas as allowing an alternative decking material that should not be painted, when all decks are normally painted. These changes may seem minor, but they can have major implications to owners wishing to maintain and improve their property.

The decking suggestion above comes from a real-life problem, where an architectural review committee insisted that an owner paint a new deck they had approved. In the approval, there was no mention of paint and the owner went to great lengths to point out that it was constructed of a wood alternative that would maintain its color and have a longer, useful life with no maintenance. However, the architectural review committee refused to change its mind, and the deck had to be painted. Unfortunately for the owner, painting the wood alternative voided its warranty and created a maintenance obligation (repainting from time to time) that he had intended to avoid.

Painting was not necessary for this deck material, which would maintain its appearance over time (no color change, warped boards, or similar problems) and requiring painting prevented the owner from obtaining help from the manufacturer of the material if there were problems. This material was never imagined at the time the development's design guidelines were established. Considering the situation, the architectural review committee's adherence to an old standard was unreasonable, as the reason the real wood decks were painted in the first place was to protect them from the elements over time and to maintain a uniform appearance. Keep in mind that the market's evolution may include a return to items that merely fell out of fashion and not just the creation of new products.

With respect to landscaping, design guidelines may require use of native and non-

invasive plants in landscaping, including wildflowers. Use design guideline provisions to minimize lawn areas and encourage tree planting. Consult with professional land-scapers and arborists to gain valuable input when drawing up reasonable landscape guidelines for a community. The design guidelines should encourage and may even require xeriscaping (water conserving landscape design) to reduce owner and association costs to irrigate the landscaping.

Along similar lines, the design guidelines should prohibit or limit the use of industrial fertilizers and other synthetic lawn care products because these products can adversely affect the surrounding ecosystem. Prohibiting the use of fertilizers may actually save costs related to management of a nearby pond or lake that would otherwise be spent countering the fertilizer's effect on the water (and its inhabitants).

Another worthy idea is to make sure the design guidelines allow driveways and other concrete slabs to be replaced by geoblock or other aesthetically pleasing permeable surface. In many standard CC&Rs, such materials are not addressed or are implicitly prohibited through omission on listings of materials suitable for driveways, sidewalks, and patios.

Create communitywide programs and services. The association can adopt programs to accomplish green goals without creating restrictions and requiring punitive actions for the failure to comply with those restrictions. This is a positive, proactive, and community-building way to adopt green ideas. The framework for programs the association may want to establish, the creation of committees, and authority for their operation should be set up in advance in the governing documents. Programs should be simple and easy to accomplish because the people involved will be volunteers.

A good set of governing documents should provide guidance for setting up such committees. The committee's actions should be well-defined by a board of directors' resolution that creates that committee. This gives the board a way to oversee what the committee does, as well as to rein it in if it goes off course. It also helps the committee to have a clear statement of responsibilities so there is no confusion over what they can do and what they are expected to do. A committee responsible for electronics and cell phone recycling could solicit used computer equipment and other electronics from owners and donate them to charitable groups or undertake any number of other green activities. Other ideas include committees dedicated to administering more general recycling programs, creating a farmer's market on site, and recycling Christmas trees.

Dealing with existing documents. The greatest challenge in changing existing documents is ensuring continuity among the actual improvements and programs put in place, the marketing plans (if any), the way the improvements and programs are intended to work, and the final product. Even when drafting a new development's CC&Rs, some time and energy should be spent considering current trends and putting in the flexibility to change restrictions (or require reevaluation with sunset provisions) to enable the final product to track current market trends and change as necessary. If this concept is missing in existing documents, it should be added, along with the other changes.

Consider performing a "green audit," which would take the form of an intensive look at the existing documents, including the obvious need for changes to use restrictions, the association's authority to enact changes, the ability to set up programs and committees,

and ways to build in flexibility for adjusting to the evolution of trends. This audit can be used to give an owners' committee or advisory group information that would allow them to share potential changes with other owners and give owners a say in the extent of any proposed changes. Having an open process of researching and crafting a final amendment will give owners a feeling of "buying in" to the final product, improving the chances of adopting a proposed amendment.

The issue is also complicated by determining how an amendment can be adopted and if the adoption of such an amendment is possible as a practical matter. In representing an association (or groups of owners) seeking to change a set of existing governing documents, take into consideration that the task is as much a public relations matter as a legal one.

Once the concepts and potential changes are identified through the audit process, the amendment should be drafted for review and comment. This ensures that owners and board members understand how the changes will be worded. Often, a concept is acceptable all around at the concept stage, but once it is reduced to legalese, new concerns can surface. Going through this draft stage eliminates surprises later on.

Appendix

Top 10 Ways to Help Your Community Go Green

1. Educate your board of directors and ask it to adopt a green mission and vision for your community.

2. Promote and support a comprehensive recycling program for your community. Reward best recyclers.

3. Develop and promote architectural review guidelines that encourage regionally-appropriate, drought-resistant indigenous plants. Better yet, encourage returning community and private areas to forest, prairie, desert or dunes—whatever is appropriate to your
community. Announce "most attractive native landscape in a member's yard" in your newsletter. Give the winner a compost bin.

4. If your community is an urban high-rise, find a way to attract hawks to nest, or create a green roof space for members that attracts hummingbirds. Or host a window garden competition. Announce the results to your membership.

5. When it makes sense, purchase smaller fuel-efficient vehicles, including electric or hybrid models, for personnel. Label the vehicles clearly to make a favorable impression with residents and visitors.

6. Install programmable thermostats in community buildings. Establish an HVAC equipment service program. Publish your success.

7. Post a note on each of your paper towel dispensers: "Remember, These Come from Trees." This message could save up to 100 pounds of paper every year.

8. Install solar heaters and/or heat pumps to supplement pool heating. Install pool covers to reduce heat loss.

9. Develop architectural review committee guidelines that provide some type of incentive, or at least kudos, for adopting LEEDs or Earthcraft practices in a home or building. Promote the construction or the modification with "Earth Friendly House Under Construction/Modification Here" signage. Brag about these members in the community newsletter.

10. Look around for opportunities to inspire your membership. Find a band of brave souls who will champion your cause – your Green Team. Many citizens would love to get involved in this stuff! Publicize the good deeds of your Green Team.

Case Studies

case study #1

Serenbe

Size:	1,000 acres (developing on a maximum of 30 percent; preserving 70 percent)
Age:	Started in 2004
Location:	Chattahoochee Hills, Georgia (20 minutes southwest of Hartsfield-Jackson Airport)
Website:	www.serenbe.com

Serenbe is a national model for the future of balanced development in the United States—focusing on land preservation, energy efficiency, green building, walkability, high density building, and community living. With a projected 70 percent of future building occurring in the greenfield, Serenbe demonstrates how urban development models can succeed on the edge of a metropolis while preserving a majority of the greenspace. Serenbe's ultimate goal is to demonstrate how development can accommodate the need for housing with minimal impact on nature. The community's land plan call for a preservation of at least 70 percent of the acreage, while accommodating as many or more people as traditional subdivision-style development, which would disturb nearly 80 percent.

Serenbe was the first hamlet built in Chattahoochee Hills. The community has private residential homes (currently, approximately 160 residents), commercial space, art galleries, original shops, stables, a 20-room inn with conference facilities, and an organic farm with a community-supported agriculture program and Saturday markets. The community also is home to three thriving restaurants—Blue Eyed Daisy Bakeshop (the nation's smallest Silver LEED certified building), The Farmhouse (which has received national critical acclaim in *Gourmet* and *Bon Appétit* magazines, and is consistently featured in local publications), and The Hil (owned by executive chef Hilary White, and recipient of national critical acclaim in *Food and Wine* magazine, and the title of Best New Restaurant by *Atlanta Magazine* and the *Atlanta Journal Constitution*). In 2008, the Urban Land Institute awarded Serenbe its inaugural Sustainability Award, the Atlanta Regional Commission honored Serenbe as a "Development of Excellence" with special merit in conservation, and EarthCraft named Serenbe the EarthCraft Development of the Year.

At the height of Atlanta's suburban sprawl in the mid-1990s, it became apparent that development was headed to South Fulton, just as it had to every other area surrounding Atlanta. Steve and Marie Nygren called upon other landowners in the Chattahoochee Hill Country area, who formed a group called the Chattahoochee Hill Country Alliance. The group's mission was to protect the land from traditional development while meeting the realistic need for inevitable development.

The group worked with national conservation leaders and land planners to create the overlay plan, which calls for preservation of a minimum of 70 percent of the 40,000 acres while accommodating as many or more people as traditional development would. Serenbe was created as an urban model that promoted walkability and community living, with central post boxes, a small town café that was open by the time the fourth resident moved in, two gourmet restaurants and a cocktail lounge, porches pulled to the street, and other elements to foster community and create a social fabric, all enhanced and enriched by the Serenbe Institute and community programming.

A recent white paper from the Urban Land Institute predicts that approximately 70 percent of future building will be in the greenfield. Traditionally, greenfield development has been linked to urban sprawl. Serenbe demonstrates how greenfield development models can succeed and preserve a majority of the greenspace. Development must occur to accommodate the need for housing, but does not have to occur at nature's expense. This is accomplished by using the basic tenets of new urbanism—dense building around community centers, just like many historic U.S. towns and English villages.

Serenbe demonstrates how to work with nature's gifts rather than against them. Homes within Serenbe, for example, are sited with minimal disturbance of the land and natural terrain, and are placed in relation to the sun for maximum energy efficiency and natural heating and cooling, and windows are placed for cross-ventilation. All structures are built to the strict green building standards mandated by EarthCraft Home.

In addition to land conservation and green building, Serenbe promotes clean technologies and green practices, such as recycling and composting, alternative fuel usage for maintenance vehicles, geo-thermal heating, and the farm-to-table movement with a partnership between the Serenbe Organic Farm and Serenbe's three restaurants.

Addressing the planet's shrinking water supply is of utmost importance to Serenbe. The community exemplifies several of the water conservation practices President Obama promises to promote in his administration: improved technology for water conservation and efficiency via water-smart appliances such as dual-flush toilets, wastewater treatment using bio-retention and constructed wetlands, minimal landscaping, and storm water treatment via natural buffers. The monthly water bill for Serenbe as a community is 25 percent lower than the national average.

Serenbe is also a model for urban renewal, showing a community that promotes walkability, community living and land preservation can success, whether it's an infill or greenfield project. City planners and managers are visiting Serenbe to see how to create an urban setting, with walkability, retail, restaurants, galleries, and the feel of a historic community. Many cities around the nation were affected by urban sprawl, and Serenbe gives these places a new model for success and rejuvenation, providing hope to struggling suburban areas.

case study #2

3400 Malone Condominium Association, Inc.

Size:	60 Residential Units and 4 Commercial Units, 2.016 acres and a minimum annual operating budget of $125,160
Age:	2008
Location:	Chamblee, DeKalb County, Georgia
Board Size:	Three members
Type of community:	Mixed-use condominium association

The 3400 Malone Condominium Association, Inc. project proves that even small communities can go green. The association was one of the first in the Atlanta area to comply with the U.S. LEED green building certifications. The first story of the 4-story condominium building includes all of the four commercial units, along with some of the parking spaces. The parking spaces continue onto the next level. The second through fourth level of the condominium building are residential floors.

The Kiawah Island Community Association

Size: 4,115 properties

Location: Kiawah Island, SC

Board Size: Seven members

Type of community: Large-scale community association

Kiawah Island is a 10,000-acre barrier island community south of Charleston, S.C., located between the Atlantic Ocean and the continental United States. Beginning in 1999, the association started strategic planning, based on a value system. Under the strategic plan, updated annually, the association's mission and vision statements captured the values important to members. One of the seven values is: "Stewardship of Natural Resources. We are driven to protect and enhance the natural environment that makes Kiawah Island such a special place. Living in harmony with wildlife enriches members' quality of life." And the association's vision indicates, "Kiawah Island's natural beauty...makes it an excellent place to live and invest. The association is committed to the preservation and active stewardship of the island's natural resources so that it remains recognized nationally and internationally as a special place, indeed a place like no other." This top-down commitment gives new property purchasers easy access to what the association's membership values.

Interestingly, the association's covenants, written in 1976, have little to say about land conservation and preservation. They indicate general restrictions about environmental control for waterfront and woodland areas. For example, they state the need to "preserve the natural appearance and scenic beauty of the property and to provide a cover for animals which habitually move along the marsh edges," but they indicate that this will be accomplished solely by limiting the clearing that can be done on lots. Since that time, board resolutions for best practices land management that association members could use on their properties and a new standard procedure for staff's land and lakes management were added.

The association did two things to make conservation a priority. First, the Kiawah Island Conservancy was chartered as a non-profit, section 501(c)(3), grassroots organization by association members in 1997 to preserve the natural habitat of Kiawah Island. It is a separate organization from the association. The conservancy has the capability to hold land and conservation easements, and, as such, it acts as a land trust. In this regard, it is a member of the Land Trust Alliance and has adopted and subscribes to the Land Trust Standards and Practices as a guide for its organization and operations. Since its inception, the Kiawah Conservancy has preserved 17 properties in the community that total 300 acres of barrier island habitat.

Second, the association began contributing to the conservancy. According to the community's 2006 members' survey, 83 percent of the respondents cited the island's natural environment as one of the top three reasons they purchased property in the community. The board believed that one of the best possible uses of the reserve funds was to financially support the members' desire to preserve the community's unique natural environment. A proposal to amend the community association's covenants to accomplish this goal was voted on by the members at its 2007 annual meeting. First,

the covenants would redefine the permitted expenditures of the contribution to reserves fund. Second, one of the permitted expenditures would be donations to tax-exempt organizations whose purpose is the conservation of natural lands and habitat on Kiawah Island. The amendments passed with 85 percent voting in favor at a duly held meeting.

The association's land management staff used to blow, mow and go, operating by rote rather than considering what was best for the management of the association's most expensive asset, its land. Staff mowed large areas of unirrigated turf, which in summer became areas of bare soil eroded by wind. In 1998, the association replaced three windshields from members' cars that were hit when the mowers driving through these sand areas flung rocks. Things needed to change since the maintenance methods were not in harmony with the mission and vision of the association. It was apparent mowing was not a problem per se, but mowing bare sand was.

The board approved new Land and Lakes Management Departments Standard Operating Procedures in 2000, which established best practices for managing common properties, and established thresholds for wildness. For example, turf was allowed in specific instances but only where it could be irrigated. Trees and shrubs would be pruned, but only if they posed a danger to lines of sight for vehicular traffic. When pruned, trees and shrubs would retain their natural shapes – no hedges allowed. In addition, integrated pest management was used throughout for both land and lakes.

Regular water quality testing and data input helped build a profile for all lakes. Instances that were exceptions to that profile were treated. For example, the introduction of fish reduced levels of mono-filamentous algae and mosquito larvae.

In 2004, the board approved Landscape Management Guidelines for Association Members. This document had three guiding principles: that the aesthetic beauty of Kiawah Island was in its wildness and is to be protected; that landscape designs would sustain wildlife populations; and that all association members share in protecting Kiawah Island's habitat and environment. The guidelines followed requirements held by the existing architectural review board and the advice of the conservancy. The document also had several landscape objectives:

- The island's natural setting was a unique environment so plants introduced should be native species.
- Members should reduce or remove lawns in favor of areas of native vegetation and forest
- They should monitor irrigation systems to assure efficient use of water,
- Keep three-foot natural buffer zones at pond or lake edges.
- Allow woods to grow between your home and your neighbors.
- Introduce no plantings on the dunes or the marsh edges, since these had their own special plant ecosystems. Do not mow, prune or otherwise maintain there.

Reaching out for help and giving to the greater community, the association hosts graduate students from the local land grant university, who research the community's land and lakes. The local municipality hires a biologist to help track wildlife populations on island and the state monitors alligators. The community's resort operates an interpretive nature center, which hosts onsite tours for members and guests. To access nature areas, the association created 17 miles of leisure trails and three nature viewing towers. The National Oceanic and Atmospheric Administration regularly uses the island for research. Children from local schools help with lake-edge erosion control and creation of oyster beds in the island's creeks. Such infusions of outside help and interest convinced

members that the community is more than a grouping of homes and businesses. It is an area that fosters habitats for wildlife and flora.

Last year, the community sought and received a certificate of exceptional merit from the National Wildlife Federation, recognizing the establishment of a community wildlife habitat for the whole island. This certificate stated that the community had taken exceptional action in preserving, enhancing and restoring wildlife habitat and in communicating the importance of habitat stewardship to the public.

case study #4

Marlyn Condominium, Inc.

Size: 121 units

Age: 1938; condo conversion in 1974

Location: Washington, D.C.

Board Size: 5 members

The Marlyn was built by well-known Washington real estate developer Gustave Ring in 1938. The building is named after his wife, Marion, and his daughter, Carlyn. The Art Deco design came from architect Francis L. Koenig, working as assistant to Harvey H. Warwick, Sr., the architect of record. At the time of its construction, The Marlyn enjoyed the distinction of being the country's first residential apartment building with central air conditioning.

Situated on a steeply sloped site on Cathedral Avenue between Idaho Avenue and 39th Street, the building is a six story u-shaped facility with an elevator located in the apex of each wing. One hundred and twenty units include studio, one- and two-bedroom accommodations. Amenities include a fitness center and sauna, entertainment facilities, separate entrances for residents and visitors, and indoor parking. The building was converted to a condominium in 1974.

Initial Conditions

Heating/cooling. By 2008, the original state-of-the-art air conditioning system had been replaced with contemporary central HVAC equipment utilizing the same distribution infrastructure. The original steam heat had been converted to a hybrid steam/hydronic system, with two steam boilers feeding into a heat exchanger that supplied hot water to convector units inside the apartments.

The two Superior steam boilers were manufactured in 1968 and are described as dry-back Marine boilers. The burners have been converted from oil to natural gas. The distribution system is called a "two pipe" system utilizing steam traps to separate the supply and return sides of the piping.

Ventilation. In 2007, ventilation ductwork on the roof was removed. This was an extensive system of ducts and exhaust fans that serviced kitchen areas in each tier.

Hot Water. Domestic hot water is provided during heating season by the steam boilers and off-season by gas fueled heaters.

Elevators. The elevators are original equipment, maintained by Otis Elevator, the manufacturer and original installation company. One machine has a DC motor rated at 40 amps, the other an AC motor rated at 40 amps.

Windows. In 2006, windows in residential units were replaced with thermal pane windows.

Lighting/interior. The building was designed without day lighting for the common area hallways, so lighting fixtures in these areas were on continuously. Floors one through five are each lit by 13 fluorescent fixtures, each with a single 22-watt bulb, with the ground floor using four of the same fixtures. The sixth floor has a dropped ceiling to accommodate HVAC piping. It was lit by 16 fluorescent fixtures, each having two 39-watt bulbs, plus 14 spotlights, each rated at 50 watts.

A communal laundry center in the basement, open at all times, is lit by four fluorescent fixtures, each with two 40-watt bulbs. The room has a large window area covering approximately 30 percent of the exterior wall. There are 10 washers and 10 dryers, and an exhaust fan that can be manually operated.

Other continuously-lit areas included the basement hallway and the lobby. The lobby has windows and two glass-door entrances. The basement has one window and two service doors with windowpanes providing minimum lighting, and 13 compact fluorescent bulbs in single bulb fixtures.

There is an indoor parking garage, lit continuously with 54 fluorescent bulbs rated at 40 watts each. The garage has six glass block windows providing daylight over approximately 10 percent of the exterior walls.

Lighting/exterior. Exterior lighting consists of four high-intensity floodlights mounted at roof level, and approximately 20 spotlights providing area and landscaping lighting. The front entrance also uses designer canister fixtures with enclosed flood lights for landscape lighting.

Miscellaneous. Seven electric motors of various capacities operate intermittently on the HVAC, domestic water, and gas burner equipment. A refrigerated vending machine in the basement runs continuously. Two saunas use electric heating elements. One full size and two office size refrigerators are available in the party room and staff rooms.

Evaluation of Initial Conditions

Heating/cooling. During initial inspection and interviews with maintenance personnel, the boilers were reported to be functioning properly with no operational problems. The boilers were set to operate between two and five pounds of pressure; producing steam when the pressure drops to two psi and running until the five psi limit is reached.

The "MAIN" setting of five psi is the point at which the burner shuts down. When the pressure has dropped three psi—the "DIFFERENTIAL," the burner comes on again.

The pressure setting for a steam boiler is determined by the distance from the boiler to the furthest part of the building receiving heat. In a two-pipe system, such as this one, the design standard is two ounces of pressure for every 100 feet of pipe. The Marlyn was original designed to use steam to heat convectors inside the apartments. Assuming the convector furthest from the boiler room is approximately 200 feet away with an equal distance for the return piping, eight ounces of steam pressure would have been needed to cover the 400 feet of piping. Even in its original design, five psi would have been excessive when only 0.5 psi was needed.

But when the original design was modified, the distance that needed to be covered by steam was drastically reduced to the length of the boiler room. Steam now travels from the boilers, across the room to the heat exchanger, where it transfers its heat to the water that is pumped out to the apartments.

Operating a boiler at higher than necessary pressure significantly increases fuel consumption without any corresponding benefit. Downstream of the heat exchanger on the steam piping return is a steam trap intended to prevent steam from entering the return line to the condensate tank. A bypass loop has been installed around the trap, controlled by a gate valve marked "Open winter condensate." The need for this bypass loop is unclear.

Energy efficiency. The process of greening a building must begin with the establishment of a performance baseline. The local utility company is a good place to start. To create an electricity usage profile for The Marlyn, the association reviewed kilowatt hour use for the previous twelve months. The chart lists kilowatt hours per month.

The building has three electric meters servicing the common elements. The meter used to generate this graph was the main house meter. It is a Time Use Meter (TUM), which measures consumption during specific periods of the day.

Hours for on-peak usage are noon to 8 p.m., Monday through Friday. Hours for interim usage are 8 a.m. to noon, and 8 p.m. to midnight, Monday through Friday. Hours for off-peak usage are midnight to 8 a.m., Monday through Friday, and all day Saturday, Sunday and holidays.

Because off-peak usage includes all time periods on weekends and holidays, the association would expect off-peak use to be approximately one-third greater than on peak and interim use combined for the same month. Usage above that one-third figure can be attributed to activities exclusive to the midnight to 8 a.m. period. This time period is one of minimal building operations. Although the laundry center is open 24 hours, usage drops off significantly after 10 p.m. Likewise, elevator use after midnight is minimal. The extra nighttime consumption is due to exterior lighting. Once a performance baseline has been established, it can be used to measure improvements.

Additional Resources

Books available from CAI

A Practical Guide to Energy Management: Enhancing the Bottom Line, by John Klein, Sharon Levin, & Deborah Cloutier, 2005.

Complete Book of Home Inspection, by Norman Becker, p.e., 2011.

Curb Appeal: How Community Associations Maintain Common Areas, by Debra H. Lewin, 2013.

Greening Your Home, by Clayton Bennett, 2008.

Trees, Turf & Shrubs: How Community Associations Maintain Common Areas, by Bette Weisman, 2009.

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

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Community Harmony & Spirit

Community Security

Energy Efficiency

Financial Operations

Governance

Green Communities

Reserve Studies/Management

Strategic Planning

Transition

Web Resources

www.ase.org, Alliance to Save Energy, energy conservation

www.bikesatwork.com, alternative transportation

www.commutesolutions.com, alternative transportation

www.abanet.org/environ/climatechallenge, American Bar Association, legal industry

www.aceee.org, American Council for an Energy Efficient Economy, environmental policy

www.greenercars.org, American Council for an Energy Efficient Economy, transportation

www.caigreen.org, CAI's Community Green website

www.zipcar.com, car sharing

www.carsharing.net, carpooling

www.erideshare.com, carpooling

www.carpoolworld.com, carpooling

www.abacus-us.com, catalog mailing list

www.catalogchoice.com, catalog mailing list

www.realclimate.org, Climate Science from Climate Scientists

www.climateprogress.org, an insider's view of climate science, politics and solutions

www.noimpactman.typepad.com/blog/, Colin Beavan, irreverant blog

www.cnu.org, Congress for the New Urbanism, transportation/sustainability

www.optoutprescreen.com, credit card solicitation

www.treehugger.com, a Discovery Company

http://blog.michellekaufmann.com/?p=1822, *Embracing Thoughtful, Walkable Neighborhoods* (white paper)

www.dsireusa.org, energy tax credits

www.grist.org, environmental news and commentary

www.climateethics.org, ethical analysis of climate science and policy

www.ec.europa.eu/sustainable, European Union, sustainability

www.ec.europa.eu/environment, European Union, environment

www.fscus.org, Forest Stewardship Council, green building materials and paper products

www.gliving.tv, G Monkey, hip green living

www.fueleconomy.gov, improved gas mileage

www.nahb.org/news_details.aspx?sectionID=0&newsID=8533, green building standards

www.ecorazzi.com, green gossip

www.thegreenoffice.com, Green Offices (commercial site)

www.greenroofs.org, Green Roofs for Healthy Cities, building-new and existing

www.guardian.co.uk/environment/climatechange, *The Guardian*

www.plantnative.org, landscaping

www.nahbgreen.org, NAHB Green

www.greenlivingtips.com, Michael Bloch, Australian blog

www.nrdc.org/greenliving, National Resources Defense Council, green living

www.thegreenguide.com, National Geographic, multiple

www.switchboard.nrdc.org/, Natural Resources Defense Council

www.dotearth.blogs.nytimes.com/,

www.worldchanging.com, nonprofit organization of writers, designers and thinkers

www.mongabay.com, Rainforest Conservation

www.build.recycle.net, recycling

www.redo.org, recycling

www.earth911.org, recycling source

www.freecycle.org, reuse

www.habitat.org , reused building materials

www.greenlivingideas.com, Sean Daily, blog

www.swcs.org, Soil and Water Conservation Society

www.smartoffice.com, Sustainable Development International Corporation, green offices

www.eartheasy.com, sustainable products (commercial site)

www.carbonrally.com, Sustainability Challenge

www.ecogeek.org, techie blog

www.thisoldhouse.com/toh/green, This Old House, green retrofits

www.builderonline.com/table-of-contents/BUILDER/2008.aspx, Top 10 Green Products

www.greenguard.org, toxic emissions

www.ucsusa.org, Union of Concerned Scientists

www.nrel.gov, U.S. Department of Energy, renewable energy

www.energystar.gov, U.S. Department of Energy, energy

www.usgbc.org, United States Green Building Council (USGBC), new and existing buildings

www.epa.gov, U.S. Environmental Protection Agency, multiple

www.epa.gov/e-cycling, U.S. Environmental Protection Agency, electronics recycling

www.greenhomeguide.org, USGBC, green retrofits

www.regreenprogram.org, USGBC, residential improvements

www.epa.gov/greenvehicles, vehicles

www.greenercars.org, vehicles

www.recycleamerica.com, Waste Management Recycle America, recycling source

www.awwa.org/waterwiser, water conservation

www.wendel.com, Wendel, Rosen, Black and Green, green law firm

www.wbdg.org, Whole Building Design Guide, green building

Reference Notes

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4   United Nations. 1987. "Report of the World Commission on Environment and Development," General Assembly Resolution 42/187, 11 December 1987.

5   California Polytechnic University, College of Environmental Design, John T Lyle Center for Regenerative Studies, Mission Statement, www.csupomona.edu/~crs/.

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About the 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 volunteer leaders, community managers and other professional service providers, legislators, regulators and the media. Our work is made possible by your tax-deductible contributions.

Your support is essential to our research. Visit www.cairf.org or e-mail foundation@caionline.org.

About Community Associations Institute (CAI)

Community Associations Institute (CAI) is an international membership organization dedicated to building better communities. With more than 32,000 members, CAI works in partnership with 60 chapters, including a chapter in South Africa, as well as with housing leaders in a number of other countries, including Australia, Canada, the United Arab Emirates and the United Kingdom. CAI provides information, education and resources to the homeowner volunteers who govern communities and the professionals who support them.

CAI members include association board members and other homeowner leaders, community managers, association management firms and other professionals who provide products and services to associations. 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 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, innovations and best practices in community association development, governance and management.

We believe homeowner and condominium 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. Our mission is to inspire professionalism, effective leadership and responsible citizenship—ideals reflected in associations that are preferred places to call home. Visit www.caionline.org or call (888) 224-4321.

DEVELOPING FUNCTION-SPECIFIC BEST PRACTICES in the community association industry has been a goal of Community Associations Institute and the Foundation for Community Association Research for several years. The Foundation has developed best practices in select topic areas using a variety of sources, including, but not limited to, recommendations from industry experts and various industry-related publications. The outcomes of the Best Practices project include:

- Documented criteria for function-specific best practices.
- Case studies of community associations that have demonstrated success in specific areas.
- A showcase on community excellence.

best practices

Natural Disasters

FOUNDATION FOR
COMMUNITY ASSOCIATION
research

best practices

R E P O R T #1 1

Natural Disasters:

Preparation & Recovery

Planning Guide for
Community Association
Managers and Officers

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research

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The Foundation for Community Association Research (FCAR) is a nonprofit affiliate of Community Associations Institute, the professional organization representing those who manage, govern, advise, and live in nearly 350,000 common interest communities throughout the United States. The Foundation's mission is to provide authoritative and reliable research and reports on the operations of the common interest community industry and its community associations.

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best practices

Contents

SECTION 1

Best Practices

What are best practices?

A best practice is a technique or method that has proven reliably to lead to a desired result or outcome. Business best practices are proven, repeatable, documented, techniques that deliver measurable performance management improvements. These practices are industry-based and may be adapted to fit a unique organization or business. Benchmarking is a systematic process used to identify and implement best practices. The term best practice is most common in the fields of health care, government administration, higher education, business management, and technology.

Best practices for community associations

Identifying and promoting best practices in the community association industry is a key goal of the Foundation for Community Association Research and its parent organization, Community Associations Institute (CAI).

To date, the Foundation has published eleven Best Practices Reports related to operating and managing community associations and common interest ownership communities. Topic areas for Best Practices Reports are selected by the Foundation, working with CAI leaders, staff, and members. The Foundation is also working to establish benchmarking criteria for community associations that can assist managers and officers to measure their performance and productivity compared to industry peers.

Benefits of benchmarking and using best practices include: improved quality and performance, better planning and evaluation methods, innovative approaches to operations and management, and increased organizational accountability. The Best Practices Reports program provides the following resources for users:
- function-specific practices that have been documented and verified
- case studies of community associations that use these best practices
- identifying rising trends and new industry practices in the topic area

What are community associations and why do they need best practices?

Since the early 1970s, community associations—which include condominium associations, cooperatives, homeowner, and property owner associations—have experienced exponential growth. This growth is expected to continue for the foreseeable future in the United States and in other countries.

Approximately 20 percent of U.S. housing inventory exists in planned or managed residential communities, generally referred to as common interest ownership communities with some form of community association. CAI estimates that there are more than 342,000 established community associations in the U.S. representing more than 26 million housing units and more than 69 million homeowners. Community associations are also a growing trend in Europe, Australia, and the Middle East.

Introduction

MOST PEOPLE DO NOT FOCUS ON DISASTER PLANNING UNTIL SOMETHING HAPPENS. FOR COMMUNITY ASSOCIATION MANAGERS, BOARDS, AND PROFESSIONAL ADVISORS, PLANNING IS ESSENTIAL TO ENSURE THAT THE COMMUNITY CAN RESPOND QUICKLY AND RECOVER EFFICIENTLY AFTER A NATURAL DISASTER.

No matter what type of disaster occurs—environmental, socio-political, or technological—community leaders must oversee and lead the recovery process. A comprehensive and current disaster plan is crucial for community resiliency and sustainability. Common characteristics of communities that rebound successfully from a major disaster include a strong desire to recover and rebuild, active networking with local agencies and resources, and a cadre of trained community leaders.

Consider what happened in Florida from 1992 through 2004, when Hurricanes Andrew, Opal, Erin, Charlie, and Wilma caused massive destruction in many communities across the state. These storms reinforced the need for strong building codes and their enforcement, and they motivated association leaders to review and revise procedures for maintaining common areas and facilities. These disasters identified gaps and weaknesses in state insurance laws and coverage requirements, which led to changes in laws and regulations.

This report is a resource to help community association leaders prepare for natural disasters, before and after the disaster occurs. It provides basic information, training resources, checklists, sample documents, and relevant case studies that address disaster planning and response.

The goal is to provide information about proven methods—best practices—for preparing and responding that will facilitate effective community recovery. These practices were collected from association leaders who have experienced serious natural disasters or other emergencies; they can be modified to suit all communities regardless of type, size, or location.

Every community's natural disaster preparedness plan should include:

- Advance planning and drills

- Resident communication and education

- Disaster management team preparation

- Response plans

- Recovery and restoration activity

- Financial recovery

- Long-term change

Some Disasters Aren't Natural

This report is focused on natural disasters. Today, however, communities face increasing numbers of other disasters, including mass shootings, bombings, biological weapons attacks, hostage incidents, and terrorist activity in public spaces. The Foundation recommends that community associations also prepare for non-natural disasters and develop appropriate notification and response plans. We recognize that communities want to prepare for these emergencies, but there are not enough best practices in this field for the Foundation to issue a guide. Nevertheless, we do encourage planning and suggest these resources may be useful:

Nationwide Suspicious Activity Reporting (SAR) Initiative

https://nsi.ncirc.gov

Building Community Trust: Guide for Community Leaders

https://nsi.ncirc.gov/documents/BCOT_Final.pdf

Communities Against Terrorism

https://www.slatt.org

Active Shooter Preparedness

https://www.dhs.gov/active-shooter-preparedness

Planning for Disaster

COMMUNITIES NEED A COMPREHENSIVE DISASTER PLAN THAT PROVIDES A DETAILED GUIDE FOR ASSOCIATION LEADERS AND RESIDENTS TO WORK TOGETHER TO PREPARE FOR, RESPOND TO, AND RECOVER FROM DISASTER.

A detailed disaster plan should be compiled, adopted, and incorporated into the association's continuity of operations plan. The disaster plan will identify basic community functions and procedures, key responsibilities, and priority tasks that enable the community to function after a natural disaster.

Community leaders can start disaster planning by addressing the five W's:
- Who—will be effected and who will respond?
- What—disasters are likely to happen here?
- Where—do we go during and after the disaster?
- When—should we notify residents and staff?
- Why—have we prioritized key response tasks?

Best Practice: When drafting or updating a community disaster plan, review the governing documents to make sure the plan addresses all mandatory responsibilities and functions.

The Community Disaster Plan

The board should appoint a small work group to develop the community disaster plan. (See below for information on organizing a disaster team.) The group should begin by identifying the natural disasters likely to impact the community, essential association functions and services, procedures to catalog and inspect association property, processes for storing vital records, and state and local requirements for disaster preparedness and response. This useful information will be the foundation for developing a comprehensive plan and a training guide for a community disaster team.

Consider these questions to develop a new disaster plan or update an existing plan:
- What disasters or emergencies are most likely to occur in this area?
- Is the disaster plan thorough and up-to-date?
- Does the plan comply with state and local government requirements?
- What primary community services must be maintained after a disaster?
- Does the association have contracts with local emergency management services?
- Have staff and residents been trained in emergency response by FEMA, EMS, or the Red Cross?

- Are residents informed about the community disaster plan?
- Does the community conduct drills?
- Is the association prepared to deliver emergency alerts and warnings to residents?
- Does the association have plans for on-site sheltering and evacuation?

Identify the top three natural disasters likely to occur in your community. Communities on the East Coast might list blizzards, tropical storms, and hurricanes; while communities on the West Coast might include earthquakes, mudslides, and fires; and communities in the Midwest or Plains might list tornados, floods, and ice storms.

Mentally walk through each type of disaster and assess how it would affect your community. Consider how the association will provide essential services and functions immediately after a disaster. Identify functions that are essential and those that are lower priority. Determine which community rules must be maintained (for safety and security) and those that can be waived after a crisis. Look at how ordinary communications are handled, and identify alternate ways to communicate when standard systems fail.

When the planning team has drafted the community disaster plan, obtained expert review, and presented it to the board for approval, staff should develop implementation timelines and detailed responsibility charts for all activity. It may be necessary to update the association's continuity of operations plan to reference or include the disaster plan.

Give residents information about the plan so they are prepared to act appropriately when disasters occur. Post key information on the community website. Conduct drills and training sessions on a regular basis. Communication and accessibility are key to successful disaster response and recovery.

》》**Best Practice:** Ask the local police chief, fire marshal, or EMS director to review and critique your community disaster plan. In addition to giving useful input, they can provide training and other resources for your community disaster team.

The Community Disaster Team

Consider the best way to organize the community disaster committee or team, and decide who should serve on it. An effective community disaster team will include the following:
- General manager or executive director (chair)
- Board president (vice chair)
- Facilities manager
- Security manager
- Communications manager
- Resident relations manager
- Golf club/course manager
- Marina manager
- Village president(s)
- Senior management staff
- Others as needed

All team members should have an ID or badge to allow easy access to the community during and after a natural disaster. The team should have a code and/or call-tree in place to use in a disaster. When needed, the team should meet in a designated place and begin implementing the community disaster plan.

Everyone must understand his or her responsibilities before disaster occurs. Designated backup personnel for key team positions and critical tasks, and make sure backups get appropriate training.

Community Emergency Response Team (CERT)

Consider organizing a certified Community Emergency Response Team (CERT)—residents and staff who get special training as emergency first responders from FEMA and other agencies. CERT members are knowledgeable about first aid and CPR, community infrastructure operations, and emergency protocols such as the national Incident Command System and the local emergency operations command center. For information on CERTs and CERT training, see https://www.fema.gov/community-emergency-response-teams.

CERT will be the community's first line of response after a disaster, especially if municipal and county EMS systems are overwhelmed.

The American Red Cross also offers special training and certification for emergency responder volunteers. Contact your local ARC chapter for information. And, make use of your local government and emergency operations center representatives for training and support.

Best Practice: Many states and counties provide training, resources, and grants for disaster planning and mitigation. Contact your local emergency operations center to learn what resources are available in your community.

Disaster Planning Considerations

The disaster planning group should carefully consider the following topics when developing a community disaster plan:

Leadership Team Assignments: The plan should clearly define the responsibilities of each team member and specify alternates. Depending on the scope of disaster that is anticipated, the primary leaders may not be available or able to manage the response and recovery. Many disaster situations continue for weeks and months, making it physically impossible for one or two persons to manage all responsibilities.

Authority: The disaster plan should provide clear authority for policy decisions and association actions to ensure rapid and effective response. Who will have the authority to act on behalf of the community in a disaster, both internally and externally, and who is authorized to act if that person is not available? There are many decisions to make after a disaster, and the full board may not be able to convene to make these decisions.

Facility Operations: Designate an alternate operational site where essential functions can be managed after a disaster; this will be especially necessary if the management office is damaged or destroyed. The alternate operations site should have power, restrooms, computers, printer, and pre-paid cell phones.

Communication: Identify alternate ways to communicate with residents and team members (text alerts, CB radio, floor committees) and evaluate the reliability and redundancy of each. Investigate the option for an emergency communications contract with your community's cable or internet service provider, since conventional telephones lines may go out of service, making the phone tree inoperable.

Records Management: Backup key documents, contracts, records, databases, account numbers, and similar information. Cloud storage is the preferred method for business document storage because it allows access by multiple users on various platforms. However, it may be useful for key managers to keep copies of essential documents on a portable USB drive and to store paper copies of important association documents at a secure offsite location. Make sure the disaster team knows how to access association records, and backup key documents regularly.

Human Resources: Contract with disaster mitigation services for help with cleanup and debris removal, office relocation, generator, and portable restroom rental. When a disaster occurs, some management staff may be unavailable or additional personnel may be needed.

Health and Safety: Make plans for medical assistance, both physical and mental, after a disaster strikes. Maintain contact information for local fire departments, EMTs, and hospital emergency services. Include information on ensuring safety during the recovery period.

Community Services: Collect contact information, and keep it updated, for critical community services, such as utilities, shelter locations, road closures, etc.

Training: All government entities are required to follow Incident Command System (ICS) rules, the national system for emergency response. Key community staff and volunteers should have basic ICS training; for information, see http://www.training.fema.gov/EMIWeb/IS/ICSResource/index.htm.

Professional Resources: Disasters affect the community's financial, legal, security, and insurance needs and programs. Get advice from appropriate counsel and professional advisors, and review the community disaster plan on a regular basis.

Disaster Preparedness Tips

1. Develop a strong community disaster plan. Keep it up-to-date and easily accessible.

2. Ensure the disaster plan complies with federal/state/local requirements.

3. Appoint a community disaster team that is ready to act on short notice.

4. Train key staff, volunteers, and residents in basic disaster procedures.

5. Conduct drills regularly with key staff and volunteers.

6. Share critical information with key personnel using apps.

7. Familiarize key staff and disaster team members with the National Incident Management System (NIMS) and the Incident Command System (ICS) national standards for disaster management.

8. Establish good contacts with state/local government emergency management personnel.

9. Develop a personal readiness plan for yourself and your family so they know what to do when disaster strikes your community.

10. Exchange information about related best practices with colleagues.

Planning Resources

FEMA's website provides a comprehensive list of disaster categories with protocols for each, including detailed information on what to do before, during, and after the disaster. Find FEMA information at www.ready.gov/natural-disasters.

The Department of Homeland Security (DHS) also provides resources to help communities prepare for disasters and respond to emergencies. DHS defines "preparedness" as "a continuous cycle of planning, organizing, training, equipping, exercising, evaluating, and taking corrective action to ensure effective coordination during incident response." DHS recommends its National Response Framework as a model for community response to disasters and emergencies. For information, see www.dhs.gov/topic/plan-and-prepare-disasters.

The Appendix includes a sample community disaster plan. This can be used as a model to create a new plan or evaluate an existing plan.

For more information on community disaster planning, see:

Natural Disasters: How Community Associations Protect Themselves, A Guide for Association Practitioners, CAI Press, 2006.

Risk Management: How Community Associations Protect Themselves, Guide for Association Practitioners, CAI Press, 2013.

National Center for Disaster Preparedness

http://ncdp.columbia.edu/library/preparedness-tools/the-ncdp-model-for-disaster-preparedness

Caring for the Elderly During Disasters

www.floridahealth.gov/programs-and-services/emergency-preparedness-and-response/documents/community-based-planning-guide.pdf

http://www.1000friendsofflorida.org/building-better-communities/disaster-planning

SECTION 4

Preparing for Disaster

MANAGERS CAN HELP COMMUNITY RESIDENTS PREPARE FOR DISASTER BY ENCOURAGING AWARENESS, PREPARATION, AND ACTION. WHEN A NATURAL DISASTER IS IMMINENT, AND IT'S TIME TO IMPLEMENT THE COMMUNITY DISASTER PLAN, MANAGERS AND RESIDENTS MUST BE READY FOR IMPACT.

Community Preparedness

Managers play a crucial role in coordinating how community members respond before, during, and after a disaster. A manager usually leads the community's disaster response team or committee.

Many communities conduct disaster simulation drills to encourage resident awareness and preparedness. Drills are particularly important in communities with high-rise buildings and communities with older residents.

Residents should be aware of the community's disaster plan and basic evacuation procedures. The association should have a process for updating or confirming residents' contact information regularly, especially cell phone number, email address, and emergency contacts.

Residents can participate in community programs that make vital information available to fire, police, and other emergency responders via a card or decal on the front door or window. The American Society of Safety Engineers sponsors the In Case of Emergency program where next-of-kin contact information is stored on a mobile phone.

Individual Preparedness

Residents should have a personal disaster plan, detailing how they will care for and (if necessary) evacuate family members, children, elderly or disabled persons, and pets. Many local governments have a system to register persons with special needs and provide emergency alerts via text or phone message. The Red Cross and civic organizations offer online resources and onsite training about getting the family and home ready for a natural disaster.

Residents should be encouraged to create an emergency records file containing key personal documents, such as driver's license or passport, birth certificate, immunization and health records, insurance policy declarations, property deeds, bank account information, and photos of the residence and personal property. This information can be scanned and stored on a USB drive or uploaded to cloud storage.

The Appendix provides details on what should be included in a personal or family emergency kit and tips to prepare residences for weather emergencies, which can be shared with residents via the community newsletter or website.

Disaster Plan Timeline

The disaster plan timeline is the community's guide to disaster preparation and response. It ensures that priority tasks get done without controversy or consultation. The timeline should specify each task, who is responsible, and the implementation sequence. A sample timeline is provided in the Appendix, which shows how one community prepared for and responded after a hurricane. It provides a useful model for other communities.

Most communities conduct drills to make sure their disaster timeline is realistic and replicable. Consider implementing training sessions for staff and key volunteers in these drills.

Disaster Timeline Tips

- Create a timeline spreadsheet to sort activities by date, time, and importance. This will show gaps in the plan or activities that are out of sync.
- Ensure that tasks are clearly defined. Drills will confirm that the timeline works and expectations are clear.
- Focus on essential operations. The timeline helps the disaster team know what to do without referring to the continuity of operations plan.
- Be prepared for the unexpected. Disasters are unpredictable and things happen that require adjustments in the plan and timeline. Brainstorm contingencies.
- Practice makes perfect. Conduct semi-annual disaster drills with the community disaster team that include unanticipated activity that require adjustments in the timeline.

Disaster Simulation Exercises

Associations should conduct various drills and exercises that put the community's disaster plan into practice. These simulation exercises test key procedures, confirm timelines, test internal (community) communication methods, and identify unresolved issues.

Conduct community-wide disaster simulation drills designed by emergency management experts. These exercises should be done at least once a year in all communities and more often in communities that experience frequent natural disasters and weather emergencies.

Arrange for a skilled facilitator to manage the simulation exercise and coordinate the critique process. The facilitator can provide specific scenarios to challenge the basic parameters of the plan and reliability of the timeline. The facilitator can also offer recommendations for additional training or equipment.

Steps to Conduct a Disaster Simulation Drill

1. Set the date, time, and disaster to be simulated.

2. Provide necessary materials and equipment to all participants.

3. Explain the process and expected results to participants.

4. Designate a qualified facilitator to manage the exercise.

5. Ask an expert to incorporate "challenges" in the drill.

6. Monitor the response and identify areas of difficulty or confusion.

7. Video record the exercise for evaluation and future training.

8. Discuss and evaluate the drill with the entire team.

9. Debrief all participants after the drill to consider whether changes are needed.

Tabletop Exercises

Tabletop exercises provide another way to test the disaster plan and procedures. These are small group activities, where participants sit together and respond to or resolve hypothetical situations using the community disaster plan. These exercises measure the team's ability to execute the plan, work together, and respond to unexpected situations. Tabletop exercises are not as interactive as an actual simulation drill. However, they can be good preparation for—or identify problems before—the actual drill.

Best Practice: The association should hold an annual disaster preparedness day to help residents learn about the community disaster plan and practice key functions. Invite local emergency operations center officials to help design the disaster drills and observe the activity.

Simulation Resources

Many sources provide disaster simulation exercises, including FEMA, state and local emergency management services, and CAI. The FEMA website has a series of exercises that community associations can use to improve their disaster plan and recovery process. The FEMA exercises can be found at: http://www.fema.gov/emergency-planning-exercises. Most of these exercises include a PowerPoint presentation with facilitator notes, which can be modified to suit your situation.

Other sources for simulation drills and exercises include:

https://www.ready.gov/community-preparedness-toolkit

http://www.kansastag.gov/AdvHTML_doc_upload/Bldg%20Fire%20Scenario.pdf

http://www.ifrc.org/Global/Publications/disasters/all.pdf

https://www.cdc.gov/phpr/documents/learn/simulation_lesson.pdf

https://www.utah.gov/beready/news/article.html?article=12407

http://www.cof.org/sites/default/files/documents/files/DisasterandRecoveryPlan.pdf

Mitigation

Mitigation is an integral part of disaster preparation because it reduces damage, recovery time, and expense.

During the planning process, community leaders should assess infrastructure vulnerabilities, become knowledgeable about federal and state disaster resources, and identify useful mitigation activity. FEMA recommends three types of mitigation activity for communities to reduce disaster impact:

- Identify hazards and assess vulnerabilities

- Minimize damage to critical infrastructure

- Use and share mitigation best practices

Insurance

Insurance coverage is a common form of disaster mitigation. Make sure the association's insurance coverage is up-to-date and comprehensive enough to cover potential damage. Ensure that the information that will be needed to file claims is readily accessible after a disaster.

As part of the association's disaster plan, create a pictorial record (photos or video) of the community, showing infrastructure, residences, common areas, and recreational facilities. This will be helpful to justify damage claims.

》》 **Best Practice**: Insurance coverage is an integral part of an association's mitigation strategy. Work with your insurance provider to conduct a mitigation review of common elements.

Maintenance

Good maintenance can provide an effective form of mitigation. For example:

- Eliminate or reduce fuel for wildfires by cleaning out underbrush, hardscaping common areas, creating fire breaks in wooded areas, and removing dead shrubs and tree branches regularly.

- Eliminate or reduce potential projectiles in windy areas: keep all trees well-trimmed and store tools indoors, and secure outdoor furniture.

- Eliminate or reduce water back up and flooding: keep storm drains free of debris and evaluate water flow through retention ponds and sewer systems.

- Retrofit or upgrade infrastructure items: install underground utility lines, increase sewer capacity, and evaluate electrical systems.

Even routine management activities can be part of the association's mitigation efforts:

- Stay current: Update resident contact information regularly.

- Practice: Conduct evacuation drills on a regular basis, especially in high-rise communities.

- Know your residents: identify residents who may need assistance during a disaster, whether due to language barriers, disabilities, lack of transportation, etc.

- Use technology: take advantage of the many software programs and phone apps available to improve communication and inspection activity.
- Stay up to date with changes in building and zoning codes.
- Ensure access to vital documents during an emergency: Scan utility schematics, floor plans, and construction drawings, and save digital files to cloud storage or on portable devices.

Mitigation activity can save lives and money, and it has a high return for community associations. A 2005 study by the National Institute of Building Sciences (NIBS) determined that, on average, every $1 invested in mitigation saves $4 that would be spent on disaster recovery. (Like an ounce of prevention being worth a pound of cure, a $1 of mitigation is worth $4 of recovery.)

This study was conducted by the NIBS Multihazard Mitigation Council to quantify savings (losses avoided) from mitigation activities related to earthquakes, wind, and floods. Two mitigation activities were studied:

- Project mitigation, which includes physical activity to prevent or reduce damage, such as elevating or relocating structures threatened by flood and strengthening structures to resist earthquakes and wind force.
- Process mitigation, which includes activity that results in policies, practices, and projects that reduce risk and loss, educate decision-makers, and encourage adopting strong building codes.

The study concluded that mitigation is most effective when carried out on a comprehensive, community-wide, long-term basis.

Best Practice: Learn about disaster mitigation resources, including your state or regional mitigation plan, at https://www.fema.gov/hazard-mitigation-planning-contacts.

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[1] Natural Hazard Mitigation Saves: An Independent Study to Assess the Future Savings from Mitigation Activities, http://www.nibs.org/?page=mmc_projects#nhms

Initial Response and Recovery

COMMUNITY LEADERS MUST MAKE DECISIONS QUICKLY

ABOUT COMMUNITY READINESS AND EVACUATION AND BE

READY TO INITIATE THE FIRST RESPONSE TO A DISASTER.

When a natural disaster is imminent, key decisions must be made that affect residents, community facilities, and infrastructure. The community disaster plan states how and when these decisions are made and publicized. Managers should follow the disaster plan timeline using information from the National Oceanic and Atmospheric Administration (NOAA), FEMA, and local government sources to make informed decisions. The community disaster team must be alerted and ready to implement the plan.

Stay or Evacuate?

Whether to shelter in place or evacuate is a critical decision that must be made quickly. The community disaster team should come together, consult local emergency operations center (EOC) advisories, and communicate with residents. Depending on the type and severity of the disaster, the team may recommend that residents shelter in place or evacuate.

Be informed about recommendations and orders from local officials and the location and types of shelters. Have a plan to notify residents who need assistance to get to a shelter. Create a text messaging system or automated phone tree to notify residents about evacuation orders and travel routes. Stay in contact with local emergency agencies, fire, rescue, and ambulance services during the watch and warning phases.

If you shelter in place:

- Make sure generators are properly ventilated to avoid carbon monoxide poisoning
- Monitor emergency broadcasts on radio, television, or the internet
- Keep mobile devices activated to receive emergency messages
- Have a contingency plan to evacuate

If you evacuate:

- Alert residents via the most efficient methods
- Facilitate a sequential, orderly evacuation
- Provide a list of residents with disabilities and special needs to the emergency operations center
- Advise residents about local shelters and evacuation routes

Recovery

When the disaster is over, the community disaster team's real work begins. This is when the value of planning, training, and emergency drills is most appreciated.

Immediately after a disaster, inspect the property and determine if it is safe—both for returning evacuees and those who sheltered in place. If possible, consider storing a golf cart or small vehicle near the entrance to tour the property looking for initial damage and safety issues. Bring phones, cameras, and a recording device on this inspection tour. Contact the local EMS or fire department if you encounter serious damage. As soon as possible after a disaster:

- Arrange for qualified professionals to inspect all structures, including building entrances, parking garages, elevators, and large windows. Restrict access to buildings with severe damage.

- Confirm that utilities are functioning safely and report downed power lines

- Remove debris blocking the entrance, main roads, and parking areas

- Look for broken pipes, sewer backup, and other water hazards

If the management office is destroyed or damaged, advise residents and local government of the designated alternate site, phone, and email contacts as soon as possible. It may be necessary to hold a community forum to provide information and answer residents' questions about restoration, access, security, and other urgent matters.

Local authorities will determine when conditions are considered safe to return. Once initial damage assessment is completed, the disaster team should inform evacuated residents when they can return to their homes, and provide a status report to those who sheltered in place. Residents with disabilities may be advised to delay their return until repairs are made and utilities are functioning. Inform residents how and where to contact management, if the office has been relocated.

Emergency team members should be available to meet with county emergency operations center and FEMA representatives and enable them to tour the community and collect information on damages and debris removal. If possible, provide a site where residents and staff can meet with FEMA representatives on the premises.

Initial Recovery Tasks

- Secure the entrance and key facilities to prevent injury, vandalism, looting, or mischief.

- Secure and identify areas with damage that cannot be immediately moved (downed trees, power lines, roofing material).

- Implement a system to notify residents about access to their residence and community facilities and restrictions or changes in normal procedures.

- Inspect damaged areas and facilities and develop a priority list for repairs. Take action to mitigate further damage. For example, secure damaged roof with tarps and have the utility company remove downed wires.

- Create a site map showing damage, and document this with photos or video. Send this information to your insurance agent and ask that an adjuster be assigned as soon as possible.

- Contact FEMA or local government officials to determine what you must do before removing debris.
- Consider contacting—before a disaster—local contractors for services such as tree and debris removal, water damage repairs, elevator repair, and utility service restoration.
- Advise residents when to expect restoration of utilities and other services.
- Provide the location of the community command center and phone contact if the offices are unusable.

Communication

Communication is critical to recovering and rebuilding after a disaster. One objective is to provide regular and reliable information to all concerned—residents, staff, contractors, and visitors. This will discourage rumors and misinformation.

The community disaster plan should specify that the manager will designate a qualified person to manage post-disaster online communications, using the community website and social media. The plan should also address post-disaster communication and identify alternate forms of communicating when phones and the internet are not functioning.

Disaster Communication Tips

- Communicate frequently with residents as the disaster is approaching. Repeat critical messages frequently.
- Use the community website and social media (such as Facebook or Twitter) to share alerts and updates.
- Do not give false or misleading information, even if the news is bad.
- Designate a spokesperson—the disaster team should speak with one voice.
- Plan to get the community website back online as soon as possible.
- Download the FEMA app on disaster team members' phones.
- Set up a "communication center" where staff and residents can monitor television and internet broadcasts about the disaster and communicate with out-of-town family.
- After the disaster, provide regular updates on power restoration, water and sewer functionality, trash and debris collection, and community access for those who evacuated.

Insurance Claims

Make sure the association's insurance coverage is up-to-date and comprehensive enough to cover potential damage. Take steps to ensure that information needed to initiate insurance claims is readily accessible after a disaster.

》》 **Best Practice**: As part of the association's disaster plan, create a pictorial record (photos or video) of the community showing infrastructure, residences, common areas, and recreational facilities. This will be helpful to justify damage claims.

As quickly as possible after a natural disaster, the community disaster team should document damage and work with management to begin submitting insurance claims. Contact the association's insurance broker as soon as possible to get information on when claims may be filed and what documentation must be submitted. Be available for site visits and inspections by claims adjustors. Make sure you have an accessible record of recent expenditures for physical plant improvements and repairs to share with the adjuster.

>> **Best Practice**: The board should require external professional review of association insurance coverage and deductibles at least every two years. Ask the reviewer to recommend mitigation activity that can reduce premiums or improve coverage.

Insurance Claim Tips
- Review insurance policies for coverage and deductible information.
- Report association property as subject to a claim even if the full extent of damage is not yet known.
- File claims immediately.
- Ask your insurance provider if an adjuster has been assigned and get his or her contact information.
- Photograph or video record damage before removing debris.
- Retain damaged property, material, and equipment until it has been inspected and accounted for by the claims adjuster.
- Keep a written record of all expenses related to the loss, including materials and labor for cleanup and temporary repairs.
- Keep a file with recent repairs and renovation information to share with the adjustor.
- Determine whether your policy covers temporary office facilities, generators, portable toilets, and cell phones in case the association facilities cannot be occupied.

Rebuilding and Resilience

RECOVERY AND REBUILDING RESTORE COMMUNITY SYSTEMS AND FUNCTIONS AND RETURN LIFE TO NORMAL FOR MOST RESIDENTS. RESILIENCE IS THE SUSTAINED ABILITY TO USE AVAILABLE RESOURCES TO RESPOND, WITHSTAND, AND RECOVER FROM ADVERSE SITUATIONS AND SIGNIFICANT DISASTERS.

Depending on the type and severity of the disaster, recovery is usually an incremental and extended process. Recovery resources come from both inside and outside the community. Be informed about all resources available to your community.

External Resources

Local Government. Regardless of your community location or size, seek recovery assistance from the local disaster management agency. Disaster management services may be available from municipal, county, state, or regional sources. Don't wait for a disaster to occur to make these contacts. These officials can be helpful in creating your community disaster plan, undertaking mitigation activity, and conducting drills and simulation exercises.

FEMA. The Federal Emergency Management Agency (FEMA) is part of the U.S. Department of Homeland Security. FEMA assists municipalities, counties and parishes, and states on behalf of the federal government in times of disaster. The National Disaster Recovery Framework, under FEMA, is designed to allow coordination and recovery planning at all levels of government before a disaster, and defines how they will work together to meet the needs of states, local governments, communities, and individuals as they recover following a disaster. Within the Framework, FEMA "develops pre-disaster partnerships with others such as federal agency extension programs, universities, national professional associations, and nongovernmental organizations, to facilitate recovery capacity-building activities and expansion of resources available to communities after a disaster for planning and decision making."

In the United States, disaster response and recovery is a priority service whether the disaster is regional or affects only one community. The National Disaster Recovery Framework establishes coordination structures, leadership roles and responsibilities, and coordinates recovery planning at all levels before a disaster happens. It enables recovery support functions led by designated federal agencies that work with state, county, local, and

private sector groups to assist people impacted by the disaster with housing, financial assistance, and health-related services while they coordinate the process to rebuild infrastructure, restore community services, and get people back to work to regain economic stability.

FEMA provides assistance to state and local governments to provide community security, debris removal, and emergency repairs to roads, bridges, and related infrastructure. This program also supports hazard mitigation during the recovery process.

ICS. ICS, Incident Command Systems, is a "common organizational structure designed to improve emergency response operations of all types and complexities." The Department of Homeland Security and FEMA have used the ICS for response to and recovery from disasters since 2004. ICS provides a common hierarchy so that people from agencies that do not routinely work together can implement disaster recovery effectively and efficiently.

CERT. Experience has shown that following a disaster, a sufficient number of emergency responders may not be available. The Certified Emergency Response Team (CERT) program was created to train community volunteers to meet immediate response needs. Currently, there are approximately 2,500 local CERT teams in the United States.

Best Practice: Check to see if your local community has an established CERT. If not, considering having your association sponsor and train one. Get more information about CERTs at https://www.citizencorps.fema.gov/cc/CertIndex.do?submitByState.

Disaster Recovery Centers and Services. Immediately after a federal disaster declaration, FEMA and local officials will establish a local Disaster Recovery Center, where people can meet with representatives to get information about available recovery resources and processes. Some communities will have an Essential Services Center, which is like a Disaster Recovery Center but without the federal agency participation. These centers provide two types of assistance to individuals: housing assistance (stipends and help to locate temporary housing) and financial assistance (basic living expenses such as clothing, food, transportation, rent, utility bills, medical care) immediately after the disaster. For information, see www.fema.gov/public-assistance-local-state-tribal-and-non-profit/.

Best Practice: Consider offering your community club house or other facility as the site for a FEMA Service Center. You can also provide local EMS officials with a list of residents with relevant training and skills who can help set up the FEMA Service Center after a disaster. For more information, see www.fema.gov/government/grant/pa/index/htm.

American Red Cross. The American Red Cross (www.redcross.org) and FEMA have a formal agreement to coordinate activities in times of disaster. The Red Cross provides food, water, shelter, and health and counseling services to people effected by disaster, usually working through local ARC affiliates. Invite a representative from your local Red Cross chapter to meet with your community's disaster team to learn about Red Cross emergency assistance and training. Some of your residents may be trained Red Cross emergency response volunteers, and they can be a useful resource in training and initial response to a disaster.

Small Business Administration. The SBA offers loans to individuals, small businesses, and nonprofit corporations impacted by a declared disaster. This assistance can include:

- **Home and property disaster loans** where renters and homeowners may borrow up to $40,000 to repair or replace items destroyed in a disaster. In addition, eligible homeowners may apply for up to $200,000 to restore their primary residence to its pre-disaster condition.

- **Disaster assistance loans** where homeowners, renters, businesses, and private non-profit organizations may get loans to repair or replace real estate, property, equipment, and business assets that were damaged or destroyed in a declared disaster.

- **Economic injury loans** are made to a small business or nonprofit organization located in a declared disaster area that has suffered economic injury (loss of business income and activity) regardless of whether physical damage to property was involved.

Go to www.sba.gov/disaster for information on SBA disaster loan programs.

Churches and civic organizations. Other sources of assistance and support after a disaster can be found at local church and religious communities that have service ministries and trained volunteers who can help with matters such as stress counseling, transportation, companionship, and in-home visits. There are also many nonprofit civic organizations, such as Rotary, Kiwanis, and Lions Club that provide humanitarian services in their communities.

Internal Resources

Community security committee. If the association does not have a security committee, this is something the board should consider. Depending on the community's governing documents and state law, this committee can monitor activity inside the community following a disaster, such as watching for looting, trespassing, and vandalism. Be sure to get legal advice on how this committee can act and report suspected fraud, theft, and vandalism to authorities.

Trained community volunteers. Volunteers are the lifeblood of every community, and people will want to help with disaster recovery. Ensure that community volunteers get proper training, know the limits of their authority, and work with local EMS, fire-rescue, and police staff.

Best Practice: Considering starting a community-based CERT or get residents trained as Red Cross emergency volunteers. This will create a base of community experts to help with disaster response activity. Your local emergency operations center can provide training and tools for the association's disaster team.

Community Associations Institute. Community managers and leaders can enroll in CAI's M-100 and M-200 level training classes to learn more about emergency planning and disaster response procedures. These are interactive, instructor-led and web-based courses with downloadable materials. For more information, go to: www.caionline.org/pmdp.

Avoid Stress and Encourage Resilience

Resilient employees and residents can retain their emotional and social equilibrium after a disaster by taking advantage of useful resources.

It is not unusual to feel stress after a crisis. Natural disasters have devastating effects on people's lives, especially when they cause physical injury, death, major property damage, or loss of home or employment. Most people can deal with post-disaster stress once the recovery process gets underway. However, for some people, stress may linger and affect their ability to deal with neighbors and colleagues.

While it is common to experience increased stress and anxiety after a disaster, encourage residents to pay attention to these warning signs of serious emotional distress:[2]

- Avoiding family, friends, and colleagues

- Excessive fatigue or lack of energy

- Constant, unexplained aches and pains

- Feelings of guilt or hopelessness

- Excessive smoking, drinking, or drug use

- Excessive absenteeism from work

The Substance Abuse and Mental Health Services Administration Disaster Distress Helpline provides free crisis counseling and support to people experiencing distress after any type of disaster. This confidential crisis service is available to all U.S. residents, and can be accessed by calling 1-800-985-5990 or texting TalkWithUs to 66746.

Best Practice: Inform all residents about post-disaster stress, and encourage them to evaluate their stress levels after the disaster. Your local hospital, medical society, or mental health association can provide resources, and FEMA Disaster Recovery Centers provide counselors and social workers to assist disaster victims.

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[2]   https://www.samhsa.gov/find-help/disaster-distress-helpline/warning-signs-risk-factors

case study #1

Wildfire Damage in the Hidden Valley Lakes Association
By Sandra Matteson, CMCA, LSM, PCAM

Executive Summary
When disaster strikes without warning, prepared community managers make split second decisions that save lives in advance of a fast-moving fire. A list of key takeaways is attached at the end of this case study.

Introduction
Not all emergencies come with plenty of warning! On September 12, 2015, one of the worst fires in California history damaged or destroyed 1,300 homes and 76,000 acres in northern California in Lake and Napa County. Hidden Valley Lakes Association (HVLA), a community of 6,500 members, suffered damage or destruction to 70 homes. Beloved pets that could not be evacuated were lost. Cherished possessions, including irreplaceable photos and mementos, were left behind due to rapid evacuation.

Preparation
HVLA holds a Firewise Community designation. Offered by the National Fire Protection Association, the USDA Forest Service, the US Department of the Interior, and the National Association of State Foresters, the Firewise Community designation encourages local solutions for safety by involving homeowners in taking individual responsibility for preparing their homes from the risk of wildfire.[3]

HVLA showed its residents how to adapt to living with the potential for wildfire and encouraged neighbors to work together and act before a fire occurred to prevent losses. Each community member had a role to play in protecting themselves and each other from the risk of wildfire. To be prepared, and in accordance with HVLA's governing documents, the HVLA Environmental Committee (like an Architectural Review or Community Standards Committee) requested that members remove weeds, clutter, and trash near their homes, and store vehicles and firewood away from open yards.

Disaster Strikes
On Saturday, September 12, 2015, HVLA members found the importance of addressing these issues as the fire moved quickly up the valley fed by high winds moving east toward their properties.

An astute security director, Ryan Royal, listening to a police scanner at home, heard about the speed the fire was moving. Realizing that it was moving toward the community, Ryan quickly called community manager, Cindy Spears. They agreed they needed to evacuate certain areas to prevent roadways from being jammed; Ryan instructed his officers to notify residents that the fire was moving quickly, and they should begin evacuation at 4:30 p.m. Security officers quickly circulated throughout the community notifying residents to pack and go as quickly as possible. Security officers stayed to ensure all residents were notified, and at 9:00 p.m. the community's gates were locked, no one could enter the community. All community offices and recreation areas were secured.

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[3] http://www.firewise.org/

The fire struck at approximately 9:30 p.m. On September 13 and 14, the HVLA community and a nearby town were still active fire zones. The California Army National Guard augmented California law enforcement in Lake County before residents were allowed to return to their homes.

Recovery

On September 15, the County Office of Emergency Services allowed only key staff and a few security personnel back into the community. They quickly learned that many homes had burned to the ground. It became evident that, for the first few days at least, this limited staff would be the eyes and ears of all residents who were waiting nearby or in evacuation centers.

Seventy homes were extensively damaged. Staff prepared lists and photographed exterior home damage. With the help of fire fighters, staff entered community facilities to inventory interior damage. Following the disaster, the community lost utility services including electricity and water. The security and management teams worked with the California Department of Forestry and Fire Protection offices and the county's Office of Emergency Services to submit a repopulation plan for the community beginning the next day. This was key for the county to allow HVLA members to return.

Security officers went on 12-hour shifts, rather than their regular eight-hour shifts to handle the increased workload.

Basic utilities services were restored on September 20, eight days following the fire, and residents returned to their homes. At the gate, security provided each resident clean-up instructions, gloves, water, face masks, and garbage bags.

Garbage pickup became a critical community service, as residents cleaned out their homes, sifted through fire-damaged belongings, and placed damaged articles at street side. By September 23, the sheriff's office issued notice that the county landfill would not accept fire debris that had not been tested for asbestos and hazardous chemicals. In addition, the landfill had reached capacity; three fires—the HVLA's Valley fire plus the Rocky and Jerusalem fires—occurred at the same time. Fire debris had to be shipped out of the county at considerable expense.

Free cleanup and disposal were available, but residents had to wait considerable time for this service. For residents who hired contractors to remove debris from their lots, it was necessary to test the ash before it could be removed, and the lot itself had to be certified as nontoxic, which required soil tests. Federal and state site-assessment teams located and removed hazardous materials from the burned locations and tested each site for toxic residuals and asbestos content—all at no cost to the property owners.

Neighbors with less damage to their homes volunteered to help neighbors who needed more help. To its credit, the HVLA Club served hot meals to residents and the staff who assisted in the cleanup, often feeding 1,000 people a day.

Damage to the common areas and facilities was limited. The HVLA environmental control manager facilitated fire victims' rebuilding and repairing their homes by prioritizing their applications over all others.

Key staff met on a weekly basis with county officials including Office of Emergency Services staff to ensure that all recovery efforts were on track. As of the first quarter 2016, the HVLA community was still in recovery, but not out of the woods. More than 70 percent of the natural plant growth in the area was gone. Only 30 percent of the community has the woods and landscape needed to absorb heavy spring rain, leaving the community very vulnerable to erosion.

Key Lessons:

- Disaster preparation requires planning for an unthinkable event.

- The Firewise Community designation, combined with regularly reminding community members about fire safety, can mitigate the potential for loss of life and property damage in a fire emergency.

- "Normal" takes time. Smoke damage affected almost everyone, but was abated within weeks. The psychological effect of seeing neighbors' damaged properties and losing pets still affects community members and staff long after the event.

- When residents cannot return to their homes immediately following a disaster, then key staff become the daily communicators about what is going on in the community.

- Tips: Assign one person to communicate with residents, so the message is consistent. Be honest and forthcoming. Set expectations appropriately so that you do not overpromise and under deliver. For example, HVLA residents could not return to their homes until days after the devastation, so asking them to be patient and assuring them that the National Guard was on site keeping things safe, was important.

- Pets are sometimes beloved family members. When asking residents to make personal disaster plans, remind them to include their pets.

- Contract for post-disaster services before a disaster occurs. After the disaster, contractors may be unavailable because they're committed to other clients. Having a contract in place ensures you receive service quickly. After the fire, HVLA needed garbage collection. Having a contract in place with a national disaster mitigation firm made cleanup smoother. Be sure that the contractor and the administrative overseer are FEMA compliant.

- Vigilant key staff members make a difference. Both the security director and the community manager were instrumental in alerting members to move quickly to safety. So that roadways are not clogged, evacuate your community in stages, evacuating residents who are impacted first. If law enforcement allows, consider making some two-lane roads one way to facilitate a speedy evacuation.

- Following the disaster, work closely with the local Office of Emergency Services to ensure that community members are aware of services, procedures, and plans. HVLA worked with the local Cooperative Extension Service and the US Forestry Service to prevent significant topsoil erosion in the burned-out wooded areas.

case study #2

Tornado Damage at Villages of Renaissance Master Association
By Wendy Murray, CMCA

Executive Summary
This case study illustrates day by day how the Villages of Renaissance Master Association recovered successfully from unconfirmed tornado damage following a hurricane because the board prepared before the event, and the board president was uniquely prepared as both CERT and FEMA certified. A list of key takeaways is included at the end of this case study.

Introduction
Broward County, Florida, experiences tropical storms on a regular basis. In 2004, three of the five Villages of Renaissance (VOR) graduated the association's first, Community Emergency Response Team (CERT). The community's managers and volunteers became the first known CERT team in the city of Miramar, Florida.

The VOR community consists of approximately 140 acres with 612 homes, including 258 townhomes, 10 lakes, eight swing gates, swimming pools, pool houses, tennis courts, basketball courts, tot lot, gate/guard house, and an electric cart depot.

The community tested its disaster plan in 2004, using real storm threats as test cases to understand how the board and management team would respond. Several tabletop exercises were used to develop the response plans, including simulation testing and drills. The testing identified areas needing improvement and weaknesses in communications. The board and the CERT team revised the plan accordingly. What the VOR did not know was that the plan—because of its tabletop testing—would effectively secure the community following a real disaster.

In 2005, five days before Hurricane Wilma clobbered Florida, the VOR community leaders monitored the weather forecasts as the "cone of concern" indicated it was headed their way. VOR leaders took the usual precautions to shut off landscape irrigation, test the communications plan, order emergency supplies, and secure buildings. They also contacted the county asking for additional help to service all lift stations, provide on-call assistance with communications, and staging anticipated landscape debris. In addition, the manager communicated with members via emails, website, phone calls, and public postings. The manager contacted the insurance agent, contacted the bank and had checks on hand to pay vendors, and confirmed pre-storm photos were available and stored properly.

Hurricane Wilma—the fifth hurricane to hammer south Florida that year—arrived Monday, October 24, 2005, "with surprising strength, leaving the entire region damaged, dark and startled by the ferocity of a storm that many hadn't taken seriously enough," according to the *Sun Sentinel*.[4] Winds exceeding 125 miles per hour, killed 25 persons, and shattered homes across 150 miles of Florida.

During the storm, the board president checked in with municipal emergency management to confirm the stability of communications and next steps.

The devastation caused in the community appeared to be from tornados, which twisted two community gates into corkscrews. Palms were snapped in half 20 feet above the ground. More than 400 downed trees, including specimen Live Oaks, blocked roads and lit-

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[4] http://www.sun-sentinel.com/news/weather/hurricane/sfl-2005-wilma-story.html

tered the grounds. Some trees were just missing. More than 1,200 feet of perimeter hedges were destroyed. Wind speeds were so high that the south side of the buildings were tinted green by the plants driven against them. Electricity was out for approximately two weeks and available only intermittently after that.

Response

- VOR signed a multi-year contract with a preferred vendor well in advance of the disaster. The vendor arrived within one hour after the "all clear" was declared by local authorities.

- Roadways were open and free and clear of debris within two hours of response because of cooperation with the local municipality.

- Property cleanup took approximately two weeks; however, pre-assigned, easy-access debris stations allowed items to be removed from community common areas, such as street sides, within seven days.

- Power was restored within two weeks, but was intermittent for several more weeks.

- FEMA provided water and ice to victims at city sites. Community staff communicated with residents daily about the best locations for water, ice, and other supplies.

- Residents received information daily at a designated meeting site—the pool area. This became command central for residents to get help and information.

- CERT volunteers assessed the community within one hour of the all clear and reported to each other at the designated meeting place.

- CERT volunteers—having obtained a "special-needs residents list" from the municipality before the disaster, quickly offered transportation, water, and supplies within hours of the disaster.

- Board, vendors, and CERT volunteers documented the storm's impact with notes and photographs, thus assisting insurance reimbursements and cleanup efforts.

- No loss of life occurred, for which the community was thankful. Had this happened, they would have contacted their local 911.

Recovery

- The board worked with city personnel to develop a two-year tree replacement plan, which was accomplished in 12 months.

- Association reserves were adequate to cover preparation and response; no increase in assessments was needed.

- The board decided to upgrade certain features during recovery to ensure the community was prepared for future disasters. This was paid for by a special assessment, which residents perceived to be an investment in their community's financial future.

- Insurance paid for repairs to electrical equipment, gates, and buildings. The deductible was recovered from the receipts documenting repairs that exceeded the adjuster's projected amount.

- Hedges were replaced using smaller plants that matured in three years.

- Disaster preparation supplies were replenished.

- Through regular weekly debriefings after recovery, the CERT volunteers, board, and manager learned important ways they could recover quicker and better the next time a disaster occurred.

Lessons Learned:

- Tabletop exercises allowed the management team to test and train ahead of the disaster. "We reacted in real life as we had trained in the simulations. The real disaster is not the time to be reading the emergency preparedness book. It is the time to act."

- Designating areas to stage debris proved beneficial in mitigating loss (surrounding communities sustained more damage and landscaping losses). VOR worked with greater efficiency and effectiveness.

- Pre-disaster contracting ensured that response and clean up times were exceptional. Because of pre-disaster contracts, vendors could work around the clock. FEMA reimbursements, if they are provided to a community, are only allowed during a specified time after the disaster.

- Use help from outside the community. In this case, close cooperation and mutual agreements with the municipality benefited members. The city's Emergency Management Coordinator recommended our plan to other communities.

- Pre-disaster Preparedness Days gave residents, vendors, the board, and manager confidence in the disaster plan and its implementation. The plan proved effective in part because expectations and roles had been set before the disaster occurred.

- Developing storm reserves before the disaster covered all projected phases—including recovery. The US Army Corps of Engineers provides a guide to cleanup costs and offers measures of costs for recent hurricane activity in various locales. This allows communities to measure their cleanup costs against the most recent calendar year damage mitigation costs.

- Landscaping cleanup was the largest cost and the area most impacted.

- The board president was a CERT graduate and FEMA professional-development series graduate. Both helped her understand the recovery process and stay ahead of the neighboring communities in recovery.

case study #3

Hurricane Sandy and the Long Beach Commons Condominium
By Robert Travis, CIRMS, CPIA

Executive Summary
This case study illustrates day by day how the Long Beach Commons Condominium successfully recovered from Hurricane Sandy because it prepared before the disaster and the board worked closely with the insurance broker in advance. This event took place in October 2012.

Introduction
The Long Beach Commons Condominium Association, Inc. (LBCC), is a four-unit, single-building condominium in Brant Beach, New Jersey, approximately 82 miles from NYC. LBCC is located on Long Beach Island, a barrier island approximately 750 feet wide. LBCC is one block off the Atlantic Ocean to the east and one block from Barnegat Bay to the west.

At the time of Hurricane Sandy, all LBCC units were unoccupied by their owners, and none was available for seasonal rental. LBCC consists of one two-story, pitched-roof, frame building with two units (1 and 2) on the first floor with patios, and two units (3 and 4) on the second floor with decks. Constructed in 2006, the building is approximately 3,000 square feet, elevated 36 inches by a masonry crawl space. LBCC also includes a stairway to the second floor, walkways, a parking lot for nine vehicles, two exterior showers, a storage shed, exterior storage areas, and a picnic area with table and landscaping.

Preparation
On Tuesday, October 23, 2012, the European Centre for Medium-Range Weather Forecasts (ECMWF) correctly predicted that Tropical Storm Sandy, which had formed the day before, would make landfall in New York and New Jersey on October 29, 2012. Unofficially named Superstorm Sandy after its arrival, no one could have predicted that Sandy would be:

- The deadliest hurricane in 2012 with at least 233 fatalities and 21 individuals missing. Eight countries would experience fatalities including 157 deaths in the U.S.

- The most destructive hurricane in 2012 and the second costliest hurricane in U.S. history. Total damage would be just over $75 billion.

- Highest winds were 115 mph when Sandy made landfall in Cuba as a Category 3 hurricane. Sustained winds exceeded 80 mph when the storm made landfall near Brigantine, NJ just south of Long Beach Island and LBCC.

- The largest Atlantic named storm on record as measured by a wind diameter of 1,150 miles.

Responding to the ECMWF report for landfall, the LBCC vice president sent an email to his fellow board officers (president, secretary, and treasurer) to be mindful of this storm's development. The board had developed this notification system in 2009, and it had been used several times before Hurricane Sandy.

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Two days later, on Thursday, October 25, 2012, Hurricane Sandy struck Cuba, and the LBCC board decided, through email, to secure the units and premises at LBCC, which were vacant, in case the hurricane made landfall in New Jersey. The president volunteered to do the work.

On Friday, October 26, 2012, Cape May and Ocean counties advised residents of barrier islands (including Long Beach Island) to evacuate inland by Sunday, October 28, 2012. The president arrived at the condominium at approximately 1:00 p.m. and placed propane grills and picnic tables in the association's storage shed. The president placed all other outdoor furniture and accessories, belonging both to LBCC and his neighbors, in his condominium unit. The president also tied the outdoor shower doors open to minimize wind damage.

Recovery

On Monday, October 29, 2012, in the early morning, Hurricane Sandy moved ashore near Brigantine, NJ, just south of Long Beach Island and LBCC. Although Sandy lost its hurricane status shortly after landfall, its arrival, combined with a high tide, barometric pressure, and a winter storm coming in from the north, presented huge problems for Long Beach Island. LBCC sustained minimal wind damage, but the rising tide and storm surge caused flooding from the western Barnegat Bay. This flooding was caused by the combination of tides, barometric pressure, and wind pushing even more water into the bay. It enveloped Brant Beach and rose to 42 inches around the LBCC building. From his permanent residence in Northeastern Pennsylvania, the president watched the property through an internet camera broadcast from a nearby yacht club's rooftop. He immediately called the National Flood Insurance Program/ Travelers Insurance to make a flood insurance claim, explaining that he had seen the LBCC property being overtaken by flood waters. He also called the association's insurance broker, Scottsdale Insurance, to make a wind/flying object claim, which he witnessed—again via the camera feed. Both claims were made well before the storm left the island.

Late in the evening, Ocean county officials limited access to Long Beach Island to emergency service vehicles only—indefinitely. Residents were not allowed on the island.

Two days later, on Wednesday, October 31, 2012, Scottsdale Insurance confirmed that the claim had been received and provided the claim number and claim adjuster information to the president. The president called the claim adjuster and arranged to meet as soon as homeowners and adjusters were allowed back onto the island. Five days later, the president had the same experience with NFIP/Travelers Insurance.

Two weeks after the event, on Monday, November 12, 2012, Ocean county allowed limited access to Long Beach Island for owners, adjusters, and contractors. No overnight stay was permitted as there still was no water, sewer, electric, or gas service on the island.

Fifteen days after the event on November 15, 2012, the president met onsite with both claims adjusters, the vice president met the association's plumber, and the treasurer met with a restoration company.

Early the same day, the president, vice president, and their spouses met onsite. Since the vice president was entrusted with keys to all four units and written consent to enter, they began their inspections. They quickly ascertained that wind damage appeared to be minimal—mostly affecting windows and door screens. Flood damage was substantial. The worst damage was to the first-floor bayside unit and the building's crawl space. Damage to the first-floor oceanside unit was not as extensive. Uninsured damage to the common areas was unexpectedly high: mud covered patios and walkways and destroyed ground lighting and landscaping. Fences were damaged. The parking lot gravel surface and seven of the nine parking-area wheel stops had been washed away. With the unit owner's permission, the inspectors removed wet area rugs and furnishings from the first-floor bayside unit.

By 10:00 a.m., the association's plumber arrived and was assigned the following jobs after providing estimates that were accepted by the president and vice president:

- Crawl space–remove damaged insulation under units 1 and 2 and dehumidify/dry the crawl space. Repair or replace common area hot water heater, apply anti-fungal/anti-mold treatments, and replace insulation.

- Repair structural damage to the unit's laundry room.

- Winterize–not knowing when gas (heat) would be available or when owners could return, the owners agreed to winterize the building—a practice not normally done.

- Disconnect the gas line–the idea was to avoid an explosion until the gas company indicated it was safe to reconnect.

At noon, the representative from the restoration company arrived and reviewed the damage to unit 1 and developed an estimate for restoration.

At 1:00 p.m. the claims adjuster arrived, and after carefully inspecting the building's exterior, verbally advised the president that the damage did not exceed the policy's deductible. The association would receive a denial letter in the next week or so.

At 3:00 p.m. the NFIP/Travelers claims adjuster arrived. After carefully inspecting the building's exterior, units 1 and 2, and the crawlspace, the adjuster wrote up a detailed, preliminary estimate for $88,374.12. A formal estimate would follow in the mail.

At 6:30 p.m. after comparing the flood adjuster's estimate to the restoration company's estimate, the president called the restoration company and negotiated a new estimate, which they emailed that evening. The restoration company started work the following day.

Two weeks and four days following the event, on Friday, November 16, the restoration company began work on unit 1—the most severely damaged unit. The work included drying the unit, tearing out damaged drywall and insulation, removing damaged appliances, cabinetry, and duct work. Unit owners were responsible for removing personal property. The board appointed the treasurer to secure three general construction quotes to repair unit 1 and three electrical quotes to replace the electrical wiring for the entire first floor.

Three weeks and one day following the event, on Tuesday, November 20, the president received the NFIP/Travelers formal estimate of $88,374. Although the estimate had to be approved by both the NFIP and Travelers Insurance, the association requested a $20,000 advance.

Four weeks and four days after the event, on Friday, November 30, 2012, the natural gas provider advised the vice president that the natural gas line could be reconnected. Since this was the last of the utilities reconnected in Brant Beach, the moratorium on overnight stays was lifted. That day the plumber reconnected the gas line, de-winterized the building, and restored heat to all four units.

On this day, the board agreed to a monthly special assessment for 2013 to cover insurance deductibles and common assets that were not insured.

The next day, on Saturday, December 1, 2012, the president detected gas odor. The gas company fixed the leak immediately and replaced all the building registers. In addition, the restoration company completed its work.

Four weeks and two days after the event, on Tuesday, December 4, the association received Scottsdale Insurance's written denial, indicating the claim was less than the $5,000 deductible.

More than two months after the event, for the balance of December 2012, the treasurer attempted to secure quotes for reconstruction and repair but found it difficult as larger jobs were consuming all the local contractors' time. The president also spent this month trying to determine the status of the approval on the flood adjuster's formal estimate. Every query on this was answered with "its pending." The president was also trying to find out the status of the $20,000 advance, since he had been informed it was approved and that he should receive it any day.

Ten weeks and 4 days after the event, on January 11, the LBCC secretary visited her unit for the first time since November 18, 2012, and discovered an express mail envelope on her kitchen table containing the $20,000 advance from NFIP/Travelers. The check was delivered to the secretary's unit instead of the association's mailing address on November 24, 2012. The envelope had been left between the storm door and main door. The association's plumber found it and put it on the kitchen table where it remained until January 12, 2013. The mystery of the $20,000 advance was finally solved.

The next day, the secretary express-mailed the check to the treasurer, who deposited it in the association's checking account; outstanding contractor invoices could now be paid. The president also notified the flood claims adjuster of the proper address to use in the future.

Two days later, on Monday, January 14, the president was advised by the flood claims adjuster that NFIP and Travelers Insurance had finished their review of the formal estimate and had agreed that the approved final amount for the claim had been adjusted upwards to $89,879.25. A check for $64,879.25 (minus the $20,000 advance and $5,000 deductible) was received January 21, 2013, and deposited January 24, 2013.

Thirteen weeks and three days after the event, on Thursday, January 31, 2013, the treasurer announced via email to his fellow board members that all the required quotes for the general contacting work and the electrical work would soon be in hand. The board authorized the treasurer and the president to review the quotes and award the contracts.

Fifteen weeks and 6 days after the event, on Sunday, February 17, the president and treasurer awarded contracts. The treasurer notified both the general contractor and electricians of their winning bids, and work began the following day. The goal was to have all the work completed by Memorial Day, Monday, May 27, 2013.

Seven months after the event, on Sunday, May 26, 2013, the LBCC annual membership meeting was held. Hurricane Sandy storm damage and claims were reviewed. Although a Certificate of Occupancy had been issued for unit 1 on that Friday, several "punch list" items had to be completed. Exterior lighting replacement was still outstanding, and the president was assigned to follow up. The vice president volunteered to address the other repairs still needed that were not insured. Lastly, it was agreed by all to end the monthly special assessment after the August 2013 payment, when it was believed, adequate funds would have been collected to deal with all the uninsured expenses.

Eight months and nine days after the event, on Saturday, July 6, the last punch list item was completed by the general contractor.

One year and eight months later, in the summer of 2014, the last uninsured repair was completed when landscape plantings and parking lot surface stones were installed.

The building, decks, patios, and walkways were power washed in August 2015. The building's foundation was repaired and painted in 2016.

Key Lessons Learned:

- Plan to secure and protect common areas and unit owner possessions prior to an event.

- Do not delay filing claims. This allows carriers to respond as quickly as possible.

- Make decisions by group emails immediately following a disaster, to conduct business without lengthy meetings or extended phone calls. Check your state statutes and your community's governing documents to ensure that both allow this.

- Deal with adjusters and contractors who are honest and businesslike, and always hold yourself accountable for honesty and businesslike behavior. Understand that things sometimes go wrong. Make no ultimatums, no requests for special treatment, and do not berate adjusters and contractors when things do not work out according to plan. Be flexible.

- Meet face-to-face with adjusters and contractors onsite—whenever possible—and show appreciation for their efforts with more than words (a cup of coffee and a cookie can go a long way).

- Be patient and do not allow missed deadlines to derail the process. Keep the end in mind, with flexibility. Do not panic or settle for a second-rate contractor when preferred contractors are "impossible" to find.

- Before the event occurs, plan well. For example, have at least one board member hold keys for all units. This has now been improved for LBCC by using a concealed onsite exterior combination safe to hold these keys.

- Ensure that you keep contractors' costs in line with adjuster's final formal estimate.

- Board members should work as a team, dividing responsibilities and not stepping on each other's toes. Disasters test the mettle of even the best boards, but committed collaboration will achieve the best result.

- Steel yourself. It takes longer than you think to get utilities back on line. It takes longer than you think to return to your home following the disaster.

case study #4

Torrential Rain and Flooding at Stonewall Manor Association
By Philip Adams

Executive Summary
This case study indicates how the Stonewall Manor Unit Owners Association successfully recovered from severe flooding during torrential rain in 2004.

Introduction
Tropical Storm Gaston dropped 12.6 inches of rain in the Richmond, Virginia, area in less than eight hours on August 29, 2004. Storm sewers were unable to contain the water, and areas flooded where no river or creek was near.

Emergency
The backup of storm sewers flooded 23 first-floor units at Stonewall Manor Unit Owners Association. Located in northern Henrico County, Stonewall Manor is situated next to J. Sargent Reynolds Community College and is bordered on one side by a creek. Although the creek overflowed its banks during Gaston, no buildings flooded. The true culprit in this storm was storm drains located at the bottom of community stair wells and common areas.

Stonewall Manor has 407 homes and more than half are triminiums. The triminium is a building with three units—a garden-style unit on the ground level and two townhouse-style units above. The 23 homes that flooded were the garden-style triminium units. These homes are accessible by a short series of steps down into the homes. The unit fronts are partially subterranean with a front foyer overhang and a full, walk-out rear door. There is a small floor drain at the bottom of the front steps, and it was these drains that were overwhelmed by Gaston. In many instances, the water collected at the front drain, rose over the front door-step, and eventually washed through the units and out the back doors.

The community manager saw many homes with so much water that household articles were floating indoors before the water dissipated. Sadly, several of these 23 homes had been flooded the year before when Hurricane Isabel struck Richmond, but the worst damage by far came from Tropical Storm Gaston.

Response:

- The community manager and onsite manager surveyed and made notes concerning the damage.

- The community manager advised the insurance company and the board of the extent of the damage.

- The community manager contacted an emergency water-extraction company and received a commitment to handle the extraction for all 23 homes. (Later, another contractor was used to help facilitate and expedite the extraction efforts.)

- Every affected resident was provided a flyer that explained what was covered under the condominium policy and what needed to be reported to the owner's insurance company.

- Homes were prioritized according to the extent of damage and the amount of difficulty in accessing all spaces. The scope of work for each unit was provided by the insurance company, and three different contractors were hired to speed up the repairs and allow for repairs in more than one unit at a time. Although water extraction was coordinated as quickly as possible in all 23 homes, the least damaged homes were repaired first and the more damaged homes waited until more crews were available.

- The community manager and onsite manager coordinated scheduling and access for all 23 homes with the residents. Managers worked diligently to keep people informed and keep work moving ahead.

- The first goal was to extract the water and the second was to ascertain damage to the unit. Owners were instructed to contact their own insurance companies for personal property and modifications. The association's policy did not provide overnight lodging for residents during this time. They either had that coverage through their own policy or they stayed in their units.

- The association allowed residents to leave damaged items in a community dumpster and encouraged grounds employees to assist with debris removal.

- The community manager met with each homeowner before paying the final invoice and ensured that the scope of work had been met and that residents were satisfied.

Recovery

The community exhibited great neighborhood spirit as neighbors assisted other neighbors during this time. Some owners without hotel coverage stayed with their neighbors, and it appeared that the project went well for the most part. The most challenging activities were communicating about insurance coverage and coordinating schedules.

- The board monitored the process and handled issues related to insurance coverage through the condominium.

- The board offered free labor from the community's grounds employees to assist with removing debris and delivering discarded items to the grounds dumpster.

- All 23 homes were monitored for access and progress by contractors in returning the homes to builder condition.

- Repairs continued for a period of six to eight weeks for most units and were all completed according to the extent of damage. The most damaged homes were completed within a ten to twelve-week time frame. All repairs were completed by Thanksgiving of 2004.

- The board purchased two portable electric pumps that residents could borrow in the event of a heavy rain.

- The board encouraged residents to add sump pumps to their front foyers and obtained a special price from a community plumber. Several unit owners added the sump pumps and have not experienced this issue again.

- Each spring, the newsletter includes reminders about the potential for flooding and the need for sump pumps in the ground-level units. The newsletter has also provided information about the need for a rider for storm sewer backup on the homeowner's personal insurance policy. The condominium association carries this coverage as well.

- Both the onsite manager and the community manager were recognized at the annual meeting for going above and beyond the call of duty in the response and recovery from Tropical Storm Gaston.

Key Lessons Learned:

- The entire community through its board of directors offered assistance—including monetary assistance—to the approximately 5 percent of homes affected by the disaster.

- Disaster brings residents together. In this instance, owners without insurance coverage for hotel stays were offered places to stay with neighbors.

- Property values are integral to the entire community. Knowing that one hard-hit area affects the entire community, the manager fostered spirit to complete repairs within weeks of damage occurring.

- By purchasing items together, the community could buy in bulk, receiving discounts. Be careful, do not buy in bulk unless your community has appropriate storage for bulk items.

Sample Documents

Sample Document 1: Emergency Management Plan
Sample Document 2: Emergency Plan Timeline
Sample Document 3: Personal or Family Emergency Kit

Special thanks to the board and management staff at Amelia Island Plantation Community Association in Florida for sharing their emergency management plan and timeline. While every community plan will have information specific to its location and likely natural disasters, this plan provides a useful model of what a complete association disaster or emergency plan should cover.

Amelia Island Plantation (AIP) Community Association Emergency Management Plan

CONTENTS

INTRODUCTION

Given its size, composition and location, the Amelia Island Plantation (AIP) could face a variety of threats to its members, guests, employees, facilities, and operations but the most probable and most dangerous is a natural disaster, especially a tornado, flood and hurricane. The AIP Plan, at this point, will emphasize planning for a hurricane as this is the most probable natural disaster we will face. Organizations that anticipate and plan for a crisis/emergency stand a much better chance of dealing with and perhaps mitigating its effects than an organization that is unprepared.

In order to be better prepared to respond effectively to an emergency, AIP is implementing a formal Emergency Management Plan, which includes establishing a Crisis Management Team (CMT) supported by standard procedures and policies that will incorporate all of the generic and organization specific guidance necessary to deal with a natural disaster. The AIP Neighborhood Community Organizations (hereafter, the "Major Community Organizations") covered by this Plan are the Omni Hotel, Club, Osprey Village and individual property owners, most of whom live in 36 individual associations, defined as the condo associations, homeowner associations and property owner associations within the AIP property. The AIP security department ("Security") and the AIP community association management company ("Community Association Management") are also both vital to a successful emergency response.

The AIP Plan will be reviewed on an annual basis by the CMT each April ahead of hurricane season and updated depending upon need and in accordance with current AIP policies and procedures of the Major Community Organizations.

AIP priorities during a disaster are the protection of lives, assets, and facilities. The overall objective is to respond to emergency conditions, work to mitigate potential damage and manage the process of restoring AIP neighborhoods, Major Community Organizations, and services.

The AIP's paramount objective in any crisis is to ensure, to the greatest extent possible, the safety and security of its members, employees, guests and the Major Community Organizations' physical assets. The Emergency Management Plan is primarily focused on preparation, physical security and related personnel safety risks. While it can facilitate and complement any federal, state or Nassau County emergency efforts it is primarily designed to ensure that the AIP is prepared to respond to and mitigate the effects of a hurricane or other serious natural disaster.

The plan facilitates each of the Major Community Organization's leadership with the structure and guidelines to promulgate their respective plans and to fulfill AIP's response during and following a crisis.

PURPOSE
The purpose of this plan is to assist the AIP community in ensuring that time, effort, and resources are used effectively prior to, during, and after crises or catastrophic events to ensure the safety of residents, guests, and employees and mitigate damage and/or loss of AIP assets. The plan describes AIP's Crisis Management Team (CMT) and the responsibilities of those who will participate as its members. It also provides specific guidelines for responding to a crisis.

Emergency management is the process of preparing for mitigating, responding to and recovering from an emergency event or crisis incident. Emergency management is a dynamic process. Planning, represented by this document, is not the only component. Training, conducting drills, testing equipment and coordinating activities are other important functions that take place <u>before</u> any emergency.

A comprehensive emergency response plan will:
• Help fulfill AIP's responsibility to protect the Community's members, employees, guests, the Community's assets and the environment.
• Facilitate coordination with federal, state and local agencies.
• Enhance the Community's ability to recover from damage to its residential and business property.

The CMT reflects two principles: a team approach and decentralized decision-making. The individuals representing the functional major community organizations that will be involved in managing any incident should assemble as a team to assess the situation, identify objectives, select options, and develop responses to ensure the implementation of agreed upon measures. The team approach offers the benefit of bringing together diverse perspectives, collective experience, and the wisdom of a group, thereby ensuring that the team's decisions and instructions will be clearly understood and carried out by having key functional members in the discussions.

The Amelia Island Plantation Community Association (AIP) Executive Director will be the Chairman of the CMT. The Incident Coordinator will be the Director of Security, and is tasked with monitoring the situation and, at the direction of the CMT Chairman, alert CMT members to the need for meetings.

In addition to the regular members, the CMT may choose to add additional persons as required by the situation. The additional personnel may be called upon to assist in a limited area of the deliberations or be involved for the duration of the incident.

DECISION-MAKING AUTHORITY
During an emergency incident, the CMT Chairman is the principal decision-maker in coordinating AIP resources and liaison with Nassau County. The CMT will keep the Major Community Organizations informed by reporting to the CMT representatives and make recommendations on available options and courses of action as time permits. An emergency will generally not allow sufficient time to follow normal

management protocol. The AIP CMT Chairman, through the Incident Coordinator/Director of Security and the General Manager, will be authorized to implement the CMT directives.

The Major Community Organizations will be responsible for their own specific requirements as detailed in their individual plans; however, any requirement for Security or Community Management assistance must be coordinated through the CMT.

CMT MEMBERSHIP
- AIP Representative chairs the CMT
- Community Association Management Representative serves as Chair as needed.
- Security Services Representative is the Incident Coordinator
- Omni Hotel Representative
- AIP Club Representative
- Osprey Village Representative
- Neighborhood Captains assure communication to/from residential neighborhoods in coordination with Community Association Management representative.

Each member is responsible for providing specialist advice in his/her organization, but the CMT will generally consider the situation as a whole, rather than subdivide into groups. To ensure complete coverage during a crisis, alternates will be appointed for each member of the CMT.

CMT CHAIR
The Chair of the CMT is the AIP Executive Director. In the Chair's absence, the responsibilities of the Chair will be performed by the General Manager of the Community Association.

Cmt Chair Responsibilities
- Chairs the CMT and keeps the Major Community Organizations advised;
- Activates or approves the activation of the CMT;
- Serves as liaison to the Nassau County Emergency Management Administration on behalf of AIP;
- Decides whether to augment CMT membership;
- Decides when to engage outside resources;
- Makes strategic decisions in responding to an incident, generally after discussion with the Major Community Organizations;
- Authorizes the expenditure of emergency funds;
- Keeps CMT activated until the emergency situation has been mitigated and the Chair deems AIP sufficiently recovered.

DIRECTOR of SECURITY / INCIDENT COORDINATOR
- Has dual responsibility for Incident Coordination and Security & Public Safety;
- Assists the CMT Chairman in responding to the incident and is the CMT's operations officer;
- Supervises the implementation of all decisions made by the CMT;
- Coordinates the incident related activities of all CMT members;
- Supervises all information gathering activities;
- Advises CMT of pertinent issues arising from the crisis;
- Implements action plans;
- Provides the operational requirements of the CMT and the Crisis Command Center, including the facilities in which the CMT can meet securely;
- Maintains a log of all events, decisions, and actions during the incident for review by management as the situation progresses;
- Periodically arranges training for the CMT that includes the use of briefings and incident simulations;
- Ensures there is necessary and adequate security for Community members, guests, employees and facilities during an incident;
- Prepares law enforcement and other government agency contact lists that might be necessary during an incident;
- Periodically reviews the Emergency Management Plan to ensure it is up-to-date, and that CMT members are fully briefed about new threats, contingencies, and responsibilities;

- Compiles detailed and comprehensive telephone and address listings for CMT members, alternates and other AIP individuals to ensure an efficient contact system that includes the ability to communicate efficiently after office hours, when traveling, and on vacation;
- Coordinates additional security and police protection, as necessary.

AIP CRISIS OPERATIONS CENTER

The AIP Crisis Operation Center provides a discrete and secure meeting place for the CMT. The Crisis Operations Center is located at the Main Gate Security Office, which has a generator, phones, Internet access and computers. The alternate off-Island location will be a hotel TBD at Jacksonville Airport.
Some details specific to AIP have been omitted.

ACTIVATION LEVELS

AIP adheres to Nassau County protocols for Watch, Warning and Evacuation for emergencies.

Advisories & Preparation

Being ready to respond to an emergency is vital. Training, table top exercises and supply preparation are important. AIP wants to be ready year-round. A prudent and viable Emergency Plan will include but not be limited to the following:
- Food and water supplies.
- Important documents and files to collect and protect.
- Disaster kits and what to have in them.
- Your local evacuation routes.
- Contact information for local emergency providers.
- Checklist of important things to do before, during and after a disaster.
- Copy of this Emergency Management Plan.

Be sure to carefully consider the different needs of each person associated within your responsibility - whether they are residents, employees, guests—and make sure any special needs personnel are included in your plan. Persons that might have special needs include infants, small children, elderly persons, and any persons with disabilities.

Although all persons with your organization may not be together when a disaster occurs, it is good to plan ahead and choose a place where everyone could meet after a disaster or how you will contact one another if you are separated.

Watch

A Watch will be implemented whenever the CMT Chair receives notice of an incident that may escalate to threaten public safety. This Watch is a notice to be on the alert for a possible threat. The possibility of an emergency or disaster situation may require partial or full activation of the AIP Crisis Management Team (CMT).
- The CMT Chair will call a meeting of all Major Community Organizations to discuss and evaluate the situation, and ensure implementation of their individual plans.
- Major Community Organizations will make a final check of needed supplies, supplementing where needed.
- Major Community Organization representatives will update and bring laptops, iPhones, updated with necessary files, for possible evacuation.

Warning

Activated for a specific emergency, this level may be implemented by the CMT Chair when a specific emergency to public safety has been announced by the Nassau County Emergency Director. Only CMT members will be represented at the AIP Emergency Command Center, which will be activated at the AIP admin office for dissemination of crisis prep information, notices and work assignments. The Warning is a stand-by notice of a significant threat. An emergency situation is likely.
- As conditions change, the CMT Chair will call meetings of the Major Community Organization representatives.
- Major Community Organizations will put their essential personnel on standby.

- If personnel are off duty, it is the personnel's responsibility to immediately contact their supervisor, in order to offer assistance in preparations.
- Make sure Satellite Phones are in place and tested.
- Major Community Organizations should update emergency contact phone numbers of employees, and fuel all company vehicles and gas cans.

Evacuation

This level may be implemented for a major event that is <u>imminent</u>. AIP CMT Chair will be notified of evacuation orders by the Nassau County Emergency Management Director. CMT Chair will notify the CMT and all Major Community Organizations. The CMT will be on call 24 hours per day. The Evacuation is a deployment notice indicating that a disaster or emergency situation is in effect. It represents a maximum preparedness level with full activation of the CMT. Full-fledged emergency response operations are on-going.

- CMT Chair to call meeting of all Major Community Organizations, to ensure final preparations are made for leaving and securing the island.
- CMT Chair establishes and communicates the off island location for the Off Island Office.
- Major Community Organizations release remaining employees, accounting that all employees have left the island, then secure facilities and shut-off power to facilities.
- Florida Public Utilities-FPU (electricity) and Nassau Utility (water) will cut services to the island.
- Law Enforcement and Fire Personnel are the last to leave.

POST DISASTER RECOVERY

General Information

The CMT Chair is the liaison between the Nassau County and AIP to facilitate recovery efforts. The Nassau County's Emergency Operations Center is located at 77150 Citizen's Circle, Yulee, FL 32097 (across the street from the Judicial Center and the Jail. It is located at coordinates 30.626N – 81.5381W). The secondary Emergency Operations Center is located at Nassau County Clerk's Records Facility, 76449 Veterans Way, Yulee, FL 32097, coordinates 30.6310N - 81.5866W. The CMT Chair and Director of Security expect to be there daily for limited times.

Re-Entry Procedures

The Crisis Management Team (CMT) Chairman will notify the CMT when the AIP Community has been authorized for opening following an emergency. Re-entry procedures will vary depending upon the severity of the natural disaster. Generally, the CMT returns after critical needs personnel as well as emergency and law enforcement personnel have completed their initial assessment. After the CMT makes their assessment and the Chair gives the All Clear, then Major Community Organizations and residents can return to their properties.

AIP Base of Operations

Following a major emergency, primary and secondary responders should plan to work out of their vehicles, until facilities are deemed safe and are available for use. Initial base of operations for both administrative and maintenance personnel would be the Main Gate, as it will be generator operated. If the Main Gate is unavailable, the CMT Chair will choose an alternate location. Once power is restored to the administrative offices, the base of operations will shift to that location. For security personnel, the main gate will serve as the base of operations.

On initial arrival to the island, all CMT members will meet at the AIP Crisis Operations Center at 7:00 a.m. daily, in order to coordinate assessment of island infrastructure. Other designated meeting times/locations will be communicated from the CMT Chair to the Incident Commander and the CMT members. In the event of a severe disaster, the CMT Chair may contract to bring in temporary office trailers for staff, by decision of the CMT Chair.

AIP Personnel for Major Community Organizations

Following a major storm, the safety of all employees and contractors is paramount. Storm recovery can be a dangerous activity. All Major Community Organizations will:

- Keep manual, daily timesheet logs for personnel, both for payroll and to ensure that they know who is on their property and in their neighborhood at all times.
- Know who is working at their direction on their property.
- Setup mandatory check-in times, by radio (if available) or in person, for their crews.
- If possible, all work crews will be sent out in crews of no less than 2, to ensure safety.
- Ensure all company vehicles are equipped with necessary equipment, personal protection equipment, first aid kits and water. Each vehicle should be equipped with a radio/cell phone, if cell tower communications are operational.

AIP believes that when contractors are working onsite, they will stay longer and return quicker the next day if they are fed. Sysco Corporation Food Distribution will be contracted to deliver food service for the island for the first two weeks, following a major crisis. The location is to be determined. Costs will be shared between Major Community Organizations.

Contractor Access

The Nassau County Emergency Operations Center will determine access levels to the island, and then the CMT Chair will determine contractor access levels to AIP, following a major event. Initially, only AIP-contracted storm debris clean-up companies will be permitted inside AIP.

The AIP CMT Chair, through the Director of Security, will re-establish commercial pass office operations, as soon as possible. Contractors will not initially be permitted onto AIP, unless called upon by a Major Community Organization, in order to facilitate emergency repairs (i.e. road repair, building collapse repair, etc.). Once all contractors are permitted, their admittance will be controlled by the Director of Security. Questions will be handled by the Director of Security.

Media Access

Following a major storm event, to protect the privacy of our Community's members and residents, Amelia Island Plantation will be closed to all media, unless express permission is given by the CMT Chair through the Director of Communications. Omni may have additional needs in this regard.

APPENDICES

Note: details specific to AIP and its geographic location have been omitted.

CMT MEMBER CONTACT FORM			
Name	**Representing**	**Email**	**Cell Phone**
Name (Chair)	AIPCA Exec. Director		
Name (Vice Chair)	AIPCA Castle Group		
	AIP Director of Security		
	Insert Names as Needed		

Nassau County Evacuation Centers

This list does not represent the order in which shelters will be opened. Shelters are opened on an as-needed, space-available basis. Citizens should verify the availability of shelters by listening to their radio or television, or by calling the Emergency Management office at (800) 958-3494.

General Population Shelters
INSERT DESIGNATED SHELTER LOCATIONS

Special Needs Shelters

The Nassau County Special Needs Evacuation Program is designed for those who have special physical / medical needs and may require government evacuation or shelter assistance in the event of an emergency. The Special Needs Evacuation Program requires annual enrollment. Visit http://www.nassaufl-em.com/ to download the Special Needs Evacuation Registration form and mail it to: Nassau County Emergency Management Office, 77150 Citizens Circle, Yulee, FL 32097.

Pet Shelters

Acceptable Pets are: Dogs, Cats, Rodents (hamsters, gerbils, etc.), Rabbits, Birds. NO REPTILES WILL BE ALLOWED IN THE SHELTERS.

Advance Registration: All owners must pre-register their pets with Nassau County Animal Control. Please call (904) 491-7440 for registration and information.

Rules & Supplies: Nassau County Code Enforcement / Animal Control may provide water and other equipment and supplies, including cages, food, and other care items, as available. Pet owners will supply all necessary equipment and supplies for their pets, including: Cage (required), Food, Water, Medications, Bedding, and other items for pet care. All animals in the pet shelter must be kept in cages. While in the shelter, pet owners will have full responsibility for the care of pets, including feeding, walking, cleaning, etc.

Evacuation Routes

In the event of a hurricane evacuation, everyone on the southern half of Amelia Island should proceed NORTH on the Amelia Island Parkway to AIA and then WEST off the island over the Thomas Shave Bridge. The southern route off the island is NOT RECOMMENDED as it will close early.

NASSAU
EVACUATION ROUTES & ZONES
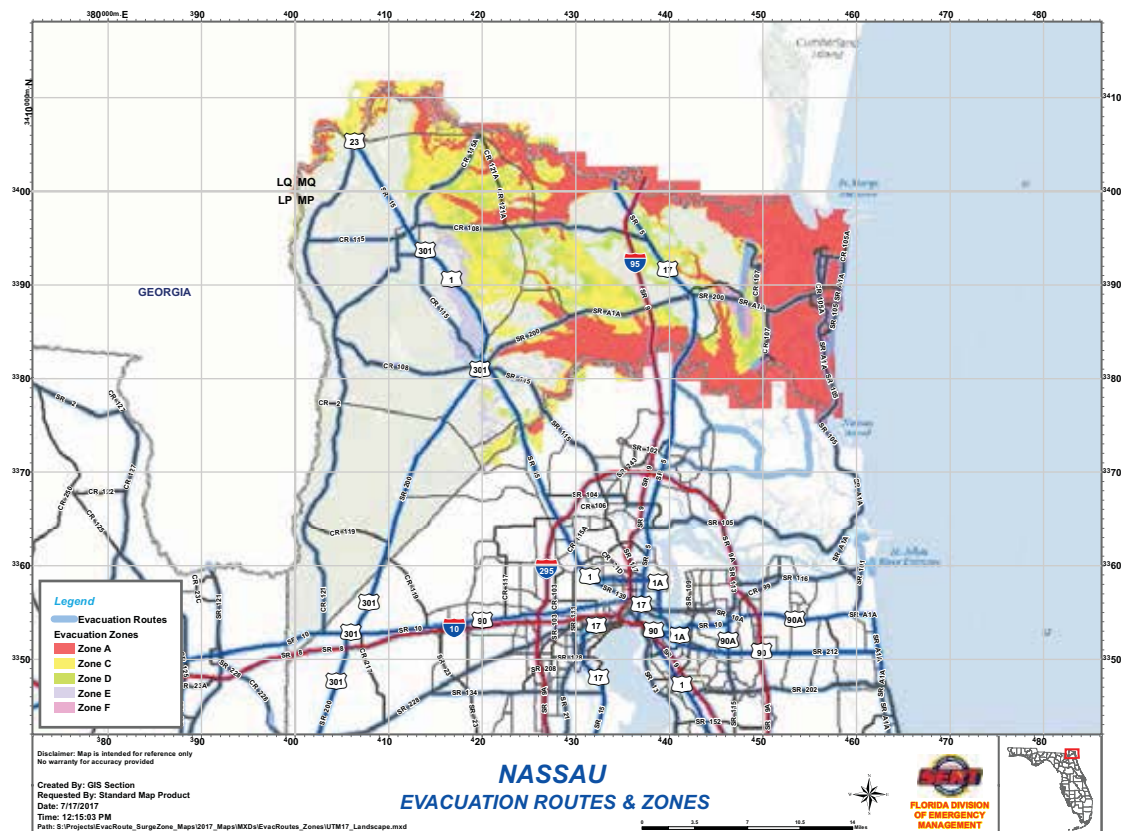
Checklists

For CMT:
• Cash—Assume that banks and ATMs will not be operational
• Equipment / Documents / Materials Required
• Copies of the Emergency Management Plan
• Copies of Crisis Guidelines
• Telephones—including unlisted outside lines
• Satellite phone (leased) and cell phones
• NOAA radios and 800 MHz radios
• Recorders and Shredder
• Photocopier and facsimile machine
• Computers and basic office equipment
• Television sets—ideally, multiple or battery operated

Neighborhood leaders should check stock of emergency supplies, including:
• First Aid kits
• Bottled water (3 gallons per day, per person)
• Flashlights and Batteries
• Tarps and duct tape
• Large trash bags and plastic storage bags
• Paper towels and cloth towels/rags
• Traffic cones and tape
• Signage and barricades
• Orange spray paint for marking
• Heavy equipment and tools
• Extra supplies for equipment and tools

EMERGENCY CONTACT INFO		
Contact	**Phone Number**	**Website or Emails**
Local Emergency Assistance	**911**	
County Emergency Management Office		
County Commissioners		
State Emergency Management		
FEMA	(202) 646-2500	http://www.fema.gov/
NOAA		http://www.noaa.gov/

Evacuating Persons with Special Needs
The Nassau County Special Needs Evacuation Program is designed for those who have special physical / medical needs and may require government evacuation / shelter assistance in the event of an emergency. The Special Needs Evacuation Program requires you to enroll annually. Visit http://www.nassaufl-em.com/ to download the Special Needs Evacuation Registration Form and mail it to: Nassau County Emergency Management Office, 77150 Citizens Circle, Yulee, FL 32097.

Nassau County Emergency Activation Levels
Nassau County has established three levels for emergency management, which they define as follows: **Activation Level III, Monitoring Activation**—This level will be implemented whenever Nassau County Emergency Management Director receives notice of an incident, which *__may escalate__* to threaten public safety. **Activation Level II, Hazard Specific Activation**—This level may be implemented by Emergency Management Director, when a specific hazard to public safety *__has been detected__*. Only those Emergency Support Functions impacted by the hazard or involved in the response will be represented at the Nassau County's Emergency Operations Center. **Activation Level I, Full Nassau County Activation**—This level may be implemented for a major event that *__is imminent__*. All Sections, Emergency Support Functions, the Policy Group, the Liaison Group and Support Staff will be staffed 24 hours per day.

Specific Disaster Information

HURRICANES

Description: Hurricanes are severe tropical storms that form in the southern Atlantic Ocean, Caribbean Sea, and Gulf of Mexico and in the eastern Pacific Ocean. The Atlantic hurricane season is from June 1 to November 30. Hurricanes gather heat energy through contact with warm ocean water. Evaporation from seawater increases their power. Hurricanes have a minimum wind speed of 74 mph and when they come on land the associated heavy rain, strong winds and heavy waves can damage buildings trees and cars. The dome of sea water, often 50 miles across, that sweeps across the coastline inundating the land with water many feet above normal high tide is called the storm surge. Ocean levels rise as a hurricane approaches, peaking where the hurricane eye strikes land, and gradually pulling out to sea after the hurricane passes.

Hurricane Watch: A hurricane watch is issued when the onset of tropical storm conditions (sustained winds of 74 mph or higher) appear possible in the warning area within the next 48 hours. The purpose of a hurricane watch is to inform families to obtain supplies, secure their homes, and be prepared to evacuate, because hurricane preparedness activities are difficult once winds reach tropical storm force. In addition, remember that bridges close when sustained winds of 45 mph are reached.

Hurricane Warning: A hurricane warning is issued when a hurricane with sustained winds of 74 mph (65 knots, 118 km/h) or higher is expected. The National Hurricane Center will issue the warning when tropical storm conditions are likely in the warned area within the next 36 hours. A hurricane warning can remain in effect when dangerously high water or a combination of dangerously high water and exceptionally high waves continues, even though the winds may have subsided below hurricane intensity.

Hurricane Wind Scale (Saffir-Simpson)
Category 1: 74-95 mph
Very dangerous winds will cause some damage

> Category 1 storms usually cause no significant structural damage; however, they can topple un-anchored mobile homes, as well as uproot or snap trees. Poorly attached roof shingles or tiles can blow off. Coastal flooding and pier damage are often associated with Category 1 storms. Power outages are typically widespread to extensive, sometimes lasting several days. Even though it is the least intense type of hurricane, the storm can still produce plenty of widespread damage and can be a life-threatening storm.

Category 2: 96-110 mph
Extremely dangerous winds will cause extensive damage

> Storms of Category 2 are strong enough to lift a house and inflict damage upon poorly constructed doors and windows. Vegetation, poorly constructed signs, and piers can receive considerable damage. Mobile homes, whether anchored or not, are typically damaged, and many manufactured homes also suffer structural damage. Small craft in unprotected anchorages may break their moorings. Extensive to near-total power outages and scattered loss of potable water are likely, possibly lasting many days.

Category 3: 111-129 mph
Devastating damage will occur

> Tropical cyclones of Category 3 and higher are described as major hurricanes in the Atlantic or Eastern Pacific basins. These storms can cause some structural damage to small residences and utility buildings, particularly those of wood frame or manufactured materials with minor curtainwall failures. Buildings that lack a solid foundation, such as mobile homes, are usually destroyed, and gable-end roofs are peeled off. Manufactured homes usually sustain severe and irreparable damage. Flooding near the coast destroys smaller structures, while larger structures are struck by floating debris. Additionally, terrain may be flooded well inland. Near-total to total power loss is likely for up to several weeks and water will likely also be lost.

Category 4: 130-156 mph
Catastrophic damage will occur

> Category 4 hurricanes tend to produce more extensive curtain wall failures, with some complete roof structural failure on small residences. Heavy, irreparable damage and near complete destruction of gas station canopies and other wide span overhang type structures are common. Mobile and manufactured homes are leveled. These storms cause extensive beach erosion, while terrain may be flooded far inland. Total and long-lived electrical and water losses are to be expected, possibly for many weeks.

Category 5: 157 mph or higher
Catastrophic damage will occur

> Category 5 is the highest category a tropical cyclone can obtain in the Saffir-Simpson scale. These storms cause complete roof failure on many residences and industrial buildings, and some complete building failures with small utility buildings blown over or away. Collapse of many wide-span roofs and walls, especially those with no interior supports, is common. Very heavy and irreparable damage to many wood frame structures and total destruction to mobile/manufactured homes is prevalent.

> Only a few types of structures are capable of surviving intact and only if located at least 3 to 5 miles (5 to 8 km) inland. They include office, condominium and apartment buildings and hotels that are of solid concrete or steel frame construction, public multi-story concrete parking garages, and residences that are made of either reinforced brick or concrete/cement block and have hipped roofs with slopes of no less than 35 degrees from horizontal and no overhangs of any kind, and if the windows are either made of hurricane resistant safety glass or covered with shutters.

> The storm flooding causes major damage to the lower floors of all structures near the shoreline, and many coastal structures can be completely flattened or washed away by the storm surge. Storm surge damage can occur up to four city blocks inland, with flooding, depending on terrain, reaching six to seven blocks inland. Massive evacuation of residential areas may be required if the hurricane threatens populated areas. Total and extremely long-lived electrical and water losses are to be expected, possibly for up to several months.

> Examples of storms that made landfall at Category 5 status include Andrew (1992), Dean (2007), and Irma (2017). Hurricane Katrina (2005) peaked at Category 5, but weakened to Category 3 by the time it made landfall.

FLOODING

Description: Flooding causes more damage in the United States than any other severe weather related event, an average of $5 billion a year. Flooding can occur in any of the 50 states or U.S. territories at any time of the year. A dominant feature of Nassau County is the expansive marsh between the mainland and Amelia Island. This area has been an attractive location for residential development. A history of development along the marsh combined with recently introduced restrictions and construction standards leave a large number of older residences vulnerable to flooding. Flooding from a heavy rain has the potential of slowing or eliminating the southern route off Amelia Island leaving only A1A accessible. Approximately 1/3 of the Nassau County lies within the 100-year flood plain. Lack of individuals and businesses carrying flood insurance could result in large uninsured losses due to rising waters. Flooding can affect approximately twenty-five (25) to thirty-three (33) percent of the Nassau County's population. Flood maps are available at the Nassau County Emergency Management website. From 1994 to 2008 there were nineteen (19) flooding events in Nassau County.

Flood Stages: Flood prone areas may cause a severe impact in certain areas of the Nassau County. Bank overflow and ponding are the most common due to the number of small lakes and swampy areas along waterways. Areas of flooding concern are listed below.

Once a river reaches flood stage, the flood severity categories used by the NWS include minor flooding, moderate flooding, and major flooding. Each category has a definition based on property damage and public threat.
- Minor Flooding - minimal or no property damage, but possibly some public threat or inconvenience
- Moderate Flooding - some inundation of structures and roads near streams. Some evacuations of people and/or transfer of property to higher elevations are necessary.
- Major Flooding - extensive inundation of structures and roads. Significant evacuations of people and/or transfer of property to higher elevations.

Flood Preparation: Ensure that you have adequate flood insurance for your home and property. Go to the Property Appraisers website to look up the Flood Zone Map for your property. Remember that if your home is damaged 50% or greater and it is within a flood plain, FEMA will require that you rebuild your home according to current FEMA flood standards.

Nassau County participates in the National Flood Insurance Program. Citizens cannot buy flood insurance if their local jurisdictional government does not participate in the program. Nassau County does not participate in the Community Rating System, which allows communities to have an impact on the rates paid by their citizens for flood insurance. AIP is considered an unincorporated part of Nassau County so is classified as Class 10 (no reduction). Nassau County encourages every resident and guest to have a NOAA Weather Alert Radio.

Following Flooding Event: Although skin contact with flood waters does not, by itself, pose a serious health risk, health hazards are a concern when waters become contaminated. Flood waters may contain fecal material, associated bacteria and viruses. The Florida Department of Health recommends the following precautions to prevent possible illness from flood waters:

Basic hygiene is critical. Wash your hands with soap and water that has been boiled or disinfected before preparing or eating food, after toilet use, after participating in flood cleanup activities, and after handling articles contaminated with flood water or sewage.

Avoid eating or drinking anything that has been contaminated with flood waters. Do not wade through standing water. If you do, bathe and put on clean clothes as soon as possible.

Avoid contact with flood waters if you have open cuts or sores. If you have any open cuts or sores and cannot avoid contact with flood waters, keep them as clean as possible by washing well with soap to control infection. If a wound develops redness, swelling, or drainage, seek immediate medical attention. Residents who sustain lacerations and/or puncture wounds and have not had a tetanus vaccination within the past 10 years require a tetanus booster.

If there is a backflow of sewage into your house, wear rubber boots and waterproof gloves during cleanup. Remove and discard absorbent household materials, such as wall coverings, cloth, rugs, and sheetrock. Clean walls and hard-surfaced floors with soap and water and disinfect with a solution of 1/4 cup of bleach to one gallon of water. Thoroughly disinfect food contact surfaces (counter tops, refrigerators, tables) and areas where small children play. Wash all linens and clothing in hot water. Air dry larger items in the sun and spray them with a disinfectant. Steam clean all carpeting.

TORNADOES

Description: Peak tornado season for Florida is March through May; however, tornados may occur in any month and at any time. A tornado is a violently rotating column of air. It is often (but not always) visible as a funnel cloud. Tornadoes can appear from any direction. Most move from southwest to northeast, or from west to east. Tornadoes can last from several seconds to an hour or more; most last less than 10 minutes.

Waterspout: A waterspout is a tornado over water. Waterspouts are common along the southeast US coast, especially off southern Florida and the Keys. Although waterspouts are always tornadoes by definition, they don't officially count in tornado records unless they hit land. They are smaller and weaker than

the most intense Great Plains tornadoes, but still can be quite dangerous. Waterspouts can overturn boats, damage larger ships, do significant damage when hitting land, and kill people. The National Weather Service will often issue special marine warnings when waterspouts are likely or have been sighted over coastal waters or tornado warnings when waterspouts can possibly move onshore.

Tornado Watch: This is issued by the National Weather Service when conditions are favorable for the development of tornadoes in and close to the watch area. Their size can vary depending on the weather situation. They are usually issued for a duration of 4 to 8 hours. They normally are issued well in advance of the actual occurrence of severe weather. During the watch, people should review tornado safety rules and be prepared to move a place of safety if threatening weather approaches.

Tornado Warning: This is issued when a tornado is indicated by the WSR-88D radar or sighted by spotters; therefore, people in the affected area should seek safe shelter immediately. They can be issued without a Tornado Watch being already in effect. They are usually issued for a duration of about 30 minutes.

Enhanced Fujita Scale (EF-scale): A scale of tornado intensity in which wind speeds are inferred from analysis of wind damage to an area:

Category	Wind Speed (mph)	Damage
F0	65-85	Weak. Light damage.
F1	86-110	Weak. Moderate damage.
F2	111-135	Strong. Considerable damage.
F3	136-165	Strong. Severe damage.
F4	166-200	Violent. Devastating damage.
F5	Over 200	Violent. Rare. Incredible damage.

Tornado Preparation: Once a tornado watch is issued, neighborhoods and security personnel should remain alert for rapidly changing weather conditions and additional alerts.

Once a tornado warning is issued, the safety of personnel is paramount.
- If in a secure building, move to an interior room or hallway on the lowest floor and get under a sturdy piece of furniture. Stay away from windows.
- If in a vehicle do not try to outrun a tornado. Leave the vehicle immediately. Move to the lowest place possible, such as a ditch, culvert or other low area for safety. Lay face down, covering your head and neck with your arms. Do not take shelter under the vehicle.
- If in a modular building, exit the building. Move to the lowest place possible, such as a ditch, culvert or other low area for safety. Lay face down, covering your head and neck with your arms. Avoid groves of trees and do not take shelter under the building.

Following a Tornado: Accounting for personnel is the first priority, with an organized search for victims. All major stakeholders should immediately account for their personnel. The CMT Chair and Director of Security should be notified of any employees missing. Depending upon the scale of the tornado, security and/or community management may be called upon to assist in the search for victims on the island.

If an AIP facility was in the path of the tornado, emergency officials should make a thorough inspection of the facility prior to employees re-entering the facility. In the event of significant damage, the CMT will be activated by the Chair and will remain in charge through recovery. Employees should refer to the section on hurricane recovery, for AIP recovery procedures.

Evacuation of Amelia Island
Evacuations of the coastal areas are issued by Declaration of State of Emergency by the Governor of the State of Florida, through the Nassau County Executive Policy Group (consisting of the Nassau County and city elected officials and local officials) to the Emergency Management Director, who in turn notifies the AIP CMT Chair. Voluntary evacuations will no longer be issued; however, wind speeds and surge heights will be issued to citizens from the Emergency Management Director's office with regular communications.

Only one evacuation will be issued by the governor and it will be considered mandatory for all citizens within the affected areas.

At the time an evacuation goes into effect for Amelia Island, AIP security will depart the island. The CMT will deploy to its alternate off-island location. Amelia Island will be under the control of law enforcement, to include the Nassau County Sheriff's Office and Florida National Guard. Several hours following evacuation, the Nassau County Fire Department could make a last sweep through the island with final evacuation notice.

The current Nassau County Comprehensive Emergency Management Plan (CEMP) will govern during the time of evacuation and through recovery.

During the storm event, AIP's Director of Security will remain with Nassau County Fire Department personnel. As such, he will be first back to the island with Tier 1, once roads to the island are cleared. (Director of Security must be Incident Command System (ICS) certified for classes 100, 200, 700, 800, then 300 400 at a minimum.).

AIP's Tier 2 responders (first individuals back following the crisis—and employees of the major stakeholders—will let the CMT Chair know their personal plans for evacuation, as they will be the second return team to the Plantation after the Nassau County's first responders, who are critical needs personnel such as Police, Fire and Rescue, Cadaver Dog Team, etc.

Post-Disaster Recovery
Nassau County is in charge of the Emergency Operations Center for disaster recovery. This is required as only Nassau County can seek reimbursements through FEMA. Nassau County personnel have been trained to understand the intricate requirements for hurricane cleanups. AIP seeks to utilize the same cleanup and administration contractors as Nassau County to facilitate their ability to lead seamlessly.

The Nassau County Executive Policy Group (consisting of the Nassau County and city elected officials and local officials) to the Emergency Management Director, will notify the Crisis Management Team (CMT) Chair when the island will be authorized for opening following an emergency. The time lapse between stage 1 and stage 3 could be hours, days or weeks depending upon the severity of the storm.

Tier 1—Critical needs personnel (Nassau County, FPU, Nassau Water Utility) as well as emergency and law enforcement personnel are primary responders (Canine Cadaver team, Search and Rescue, Fire Fighters, Police, etc). Their job is to assess the condition of the island infrastructure and initial needs for recovery, as well as to immediately reestablish security on island and mitigate hazards (electric lines down, etc). Coordination and cleanup will continue until the island has been substantially recovered. Every 30 minutes to 1 hour, the Nassau County Emergency Management Director provides information to the CMT Chair to be provided to AIP members.

Tier 2—First Damage Assessment "Return Teams" arrive. Amelia Island Plantation CMT return team, Baptist Hospital return team, Ritz Carlton return team, and the "Big Box" stores return team will access the island and their properties to make initial assessments of damage. The aim of Nassau County is to get these pre-approved individuals on pre-approved return teams onto the island as quickly and safely as possible. To be pre-approved, all AIP CMT return team members must be Incident Command System (ICS) certified for classes 100, 200, 700, 800, then classes 300, 400 at a minimum. Nassau County will be accountable for every person assigned to a return team. Nassau County CEMP requires pre-registration and a log in before an individual can cross the bridge. Pre-approved persons have to show a Driver's License to verify their access to the island.

Tier 3 -- All clear. AIP members may return to the Plantation. Building officials, insurance adjusters, and community managers will work together to assess the damage to the Plantation's homes and facilities.

AIP Common Properties Emergency Management Plan

This plan is administered by the General Manager for the AIP, with specifics assigned as follows for the standard status of preparation, warning, watch, evacuation and return after the crisis.

PREPARATION
Preparation is key to successfully navigating a storm or other event. All neighborhoods are responsible for ensuring that pre-season preparations are made annually.

In April, the AIP Emergency Operations Manual is updated by the CMT Chair and Director of Security. The CMT Chair provides the updated manual to Omni, Club, Business Units, and Neighborhoods. Nassau County will process and register members of the AIP Return Team. The goal of Nassau County is to get these pre-approved individuals on pre-approved return teams onto the island as quickly and safely as possible. To be pre-approved, all AIP CMT return team members must be Incident Command System (ICS) certified for classes 100, 200, 700, 800, then classes 300, 400 at a minimum. In addition, they must have completed the necessary paperwork and have a valid Driver's License or acceptable ID. Neighborhoods should ensure that equipment inventory lists are up-to-date.

In May, the General Manager for the AIP reviews emergency plan for hurricanes with all employees and contractors. An annual maintenance contract should be maintained for all facility generators, for example, at the main gate. Equipment is to be tested several times per year. AIP maintenance contract for generators is overseen by the Director of Security.

For Weather Radios and Phones, the AIP bases its hurricane preparation on the activation levels used by Nassau County. If there is a potential threat of storms, all neighborhoods and security supervisors should monitor weather radios, local radio and television stations for conditions. Nassau County encourages use of NOAA Weather Alert Radios. They trip "on" during severe weather alerts and monitor Nassau County messaging.

> NOAA Weather Radio Stations 162.550 or 162.450
> FM Radio Stations: WJCT 89.9 and WEJZ 96.1
> Phone 904-491-7550 for Nassau Emergency Information Line (rumor control)

During emergency preparations, all employees and contractors are called upon to assist other major stakeholders and neighborhoods, as needed.

WARNING
For Warning conditions, the General Manager will take "before" video of landscape and facilities. The Director of Security will check generators, perform load testing, assuring that propane tanks are full, disseminate flyers at the main gate to all contractors, which instructs contractors to remove equipment/dumpsters, if possible, and secure their sites. The Director of Security will assure that traffic cones, signs, emergency lighting radios and satellite phones are available, in the event of a storm. The Director of Security will purchase ample supplies of plywood, tarps, tape, etc. to handle initial preparations and recovery.

WATCH
For Watch conditions, Nassau County indicates that this is Level 2, Hazard Specific Activation for Standby of Significant Threat. The Director of Security places an overnight shipping order for 4 satellite phones, if needed.

The General Manager will contact storm recovery vendors regarding equipment logistics and put vendors on standby. The General Manager will have the landscaping/irrigation vendor shut off all irrigation at meter tap(s), ensure that all vehicles are fueled, fuel the chainsaws, fill clean water coolers with water and store in a high location.

The General Manager will shut off power and water at Walkers Landing, POC, Drummond Park, Aury Island, shut off water to boardwalks, if any, and tie down what cannot be placed inside buildings. The General Manager secures deck furniture, tables, and benches. The community manager moves furniture away from windows.

The General Manager notifies community members to secure their kayaks.

The General Manager will check all construction sites to ensure that sites are secure. If dumpsters are not removed, the General Manager will secure these with a tarp to ensure debris does not blow. If sites are not secure, the General Manager contacts general contractors. The General Manager asks lakes contractor to fuel boats and secure them, place fuel into pumps and locate chains and tow straps.

EVACUATION - DEPLOYMENT
The General Manager secures accounting records to prepare for evacuation, empties safe deposit box, obtains the AIP checkbook and obtains signatures on several blank checks.

The General Manager collects electronic or hard copies of insurance policies, bank policies and contact information on banks and insurance companies.

The General Manager obtains $20,000 in cash: $5K to the Director of Security, $5k for the General Manager, and $10K to the CMT Chair.

The Director of Communications secures corporate records to prepare for evacuation, including plat books, deeds on CD, communications equipment, SOPs and access codes.

The General Manager directs the lakes contractor to handle preparations of water control structures in the event of significant storm runoff. The General Manager contacts storm recovery vendors regarding equipment logistics, for example, storing onsite or near the site. The General Manager assures that all AIP vehicles are parked on high areas away from major trees. The General Manager directs the land contractor to turn off water meters and turn off power breakers for irrigation. The General Manager assures that for Walkers, Drummond, POC and Aury, loose furniture and equipment is secured. The General Manager removes bags from all exterior trash cans at common properties.

The Director of Security closes the main gate to all except emergency officials and those coming to assist in the evacuation of others. The Director of Security forwards main gate phones to messaging. The Director of Security disconnects the main gate hard drive and takes off island and parks all vehicles on high area away from major trees. The Director of Security turns off generator switches and circuit breakers at gate. The Director of Security patrols the community looking for unsecured materials. At the time the evacuation goes into effect, all remaining security officers leave the island.

The Director of Communications forwards the phones to messaging. The message recorded indicates that the island is under mandatory evacuation. The Director of Communications develops and posts information on community evacuation to the website, and sends out information to the members via e-blast and social media.

AIP CMT Structure after Emergency Event
Following the emergency, during a time of major recovery, the assignments and reporting structure will change to facilitate community recovery. During a major recovery, the CMT Chair will have only three direct reports, in order to keep his time free for other emergency operations:
• The Director of Communications: Handles all emergency communications, administration, media, legal, and board member voting issues, referenda.
• General Manager: Overseeing all property management cleanup and recovery efforts. Reports to the CMT Chair on condition of property and status of recovery efforts.
• Director of Security: Temporarily establish communications and coordinates activities with government and regulatory agencies. Reestablishes 24/7 security operations.

Other AIP report structure is as follows:
Reporting to the General Manager:
• Controller: Responsible for financial and insurance matters.
• Assistant Property Manager: Assist General Manager in coordinating vendors.
• Land Management Contractor: Clearing operations, managing the work of response crews. The number one critical need is to open roadways. Oversees contracted workforce provided by outside contractors.

- Lakes Management Contractor: Managing flood control structures and investigating operability of the drainage system. Additionally, responsible for mosquito abatement and wildlife control.
- Major Repair's staff: Safety of roads and bridges. Logistics and procurement. Locates all necessary equipment and supplies (excluding food and water) for all departments. May involve out-of-area travel. Oversees repairs to roads and sub-surface drainage.
- Admin staff: Assists logistics and the after first two weeks, assumes responsibility for providing staff food and water.
- Admin staff: Telecommunications establishes and/or restores telephone and computer services. Liaison to the United Way and Red Cross for post-event stress employee or volunteer counseling.
- Community Life Director—assist with communications and information dissemination.
- Maintenance Technician—assist with cleanup and minor repairs.

Reporting to the Director of Security
- Safety Coordinator: Handles all safety matters on site.
- Neighborhoods will meet at regular intervals, in order to provide and receive information relative to island recovery. When neighborhoods have issues and problems, they contact individuals as shown above.

Initial Community Assessment
AIP primary responders are responsible for an initial inspection of AIP roads and infrastructure and determining what additional support is needed to aid in the recovery of the island. Personnel will be assigned to specific infrastructure or areas. For initial inspections, written logs are to be kept and turned in to the Director of Security. Logs should note road damage, roads impassable, major facility damage, etc. Take photos if possible.

Public Safety work of the Director of Security
- Security patrols will aid in initial road inspection of island.
- Establishment of gate operations.
- Assessment of what additional contracted security support will be required.
- Additional island restriction may be needed with a pipe gate added at an entrance prior to the main gate, for example. This will be determined by the scope of the recovery needed, by decision of the Director of Security, in consultation with the CMT Chair.

Land Management work of the General Manager
- Coordination of storm recovery contractors. Setting up the staging area and communicating needed equipment.
- Clearing of roads. While the fire department will initially handle some clearing of major roads, land management contractors will need to continue to clear major roads, then secondary roads.

Major Repair work of the General Manager
- Inspection of main gate, prior to personnel manning gate.
- Inspection of maintenance facility, prior to personnel manning facility.
- Inspection of all roads and vehicular bridges.
- Initial inspection of POC and Walkers facilities.
- Initial inspection of parks at Drummond, Aury, Sunken Forest.
- Initial inspection of boardwalks and walk bridges.
- Take inventory of equipment.

Lakes Management work of the General Manager
- Inspection of water control structures. Balancing water ingress/egress from ponds.
- Remove large debris from ditches and ponds to allow for best outflow/inflow.
- Mosquito control issues.
- Wildlife management issues.

Management Company Emergency Management Plan
The General Manager reports directly to the Executive Director and is the primary coordinator of emergency preparedness, response and recovery efforts and plans pertaining to the vendor and property management of the AIP. The secondary coordinator is the Assistant Property Manager. Shall a third person be necessary, it shall be the Regional Director.

Prior to June 1st of each year the General Manager shall:
• Take current photos of common property and major components of AIP
• Maintain a waterproof kit of records management (including but not limited to insurance policies, claim forms, water intrusion reports, manual checks, owner directory, board directory, vendor list, emergency contact list and personnel contact information)
• Develop and coordinate a tiered Communications Plan and share with the Executive Director
• Obtain pricing from local debris management vendors and provide analysis to the Executive Director
• Maintain current map with identified temporary staging areas for both landscaping and construction debris. Share this map with the Executive Director
• Maintain current map with identified water and gas shut off valves and provide map to the Executive Director
• Develop a phased plan for storm preparations with the association's preferred vendors and communicate the plan to the Executive Director
• Confirm all staff and vendors are pre-cleared with Nassau County for re-entry (if applicable)
• Maintain an inventory of disaster supplies, checks, cash on hand, equipment and records

Disaster Preparedness Plan:
• The General Manager shall contact landscaping/irrigation provider to shut off all irrigation pumps and valves (no less than 72 hours prior to projected impact)
• The General Manager shall have landscaping provider perform 8 ft. tree lifts
• The General Manager shall have landscaping provider prepare debris staging areas
• The General Manager shall have tree vendor perform trimming (as needed)
• The General Manager shall contact Nassau Utilities to request service of all Lift Stations on the property
• The General Manager shall have Maintenance Tech remove all projectiles and store appropriately
• The General Manager shall have the assistant property manager review records management, supplies and review all checklists
• The General Manager shall communicate with owners and sub associations via Communications Director and directly as needed
• The General Manager shall hold team meetings to review plan and communications plan
• The General Manager shall advise staff and vendors to test equipment including but not limited to, generator load testing, satellite phone testing and back-up systems
• The General Manager shall advise staff and vendors to fuel all equipment, vehicles and personal vehicles
• The General Manager shall have Maintenance Tech review "leak cart" which contains a sump pump, wet vacuum, 55-gallon garbage bin, flashlight, ladder, extension cord, hoses, clamps, caution signs, expandable water absorbing pads, tools (screw driver, wrench, hammer, pliers, etc.) and wrench to turn off valves
• The General Manager shall have Maintenance Tech shut off water valves in buildings (kitchen sink, ice makers, bathroom sinks, toilet tanks, domestic hot and cold water valves)
• The General Manager shall communicate daily with response vendors, staff and the Executive Director
• The General Manager shall perform property inspections of all common properties
• The General Manager shall have Maintenance Tech secure buildings, install hurricane shutters or plywood (if applicable) and take photos of building preparations

Checklists to be used during the Preparedness Phase, but are not limited to:
• Flood leak checklist
• Sewer checklist
• Fire checklist
• Electrical checklist
• Life safety equipment checklist
• Office supplies checklist
• Maintenance equipment checklist
• Telephone and communications checklist
• Telephone threat checklist
• Suicide threat checklist
• AIP associations contact list
• Hurricane checklist

Disaster Response and Recovery Plans:
- The General Manager shall establish and maintain communications with vendors, insurance agent, the Executive Director, and staff and on a daily basis
- The General Manager shall monitor vendors for compliance to contracts
- The assistant property manager shall oversee records management which shall include insurance claim forms, photos, checklists, and check logs
- The assistant property manager shall track service requests and work orders for the Maintenance Tech
- The assistant property manager shall oversee A/P process
- The General Manager shall hold team meetings and report to the Executive Director
- The General Manager shall track all associated expenses
- The General Manager shall monitor financial and property conditions and report to the Executive Director
- The General Manager and Maintenance Tech shall inspect and assess all common buildings
- The assistant property manager shall monitor assessments being relayed by owners via phone, email and in person and shall communicate to the General Manager
- All personnel shall maintain adequate fuel in equipment assigned to them and personal vehicles as well as charging devices for cell phone, laptops and applicable devices
- The General Manager shall coordinate office team via the assistant property manager and utilize/cross utilize staff as necessary
- The General Manager shall report to the management company vice president any needs for additional resources from the home office
- The General Manager and the assistant property manager shall document all responses, track expenses and coordinate with assigned vendors and insurance agent regarding necessary documentation
- The General Manager shall hold a debriefing with staff and the Executive Director

RESIDENT/PROPERTY OWNER EMERGENCY PLAN

The following describes the steps to be taken in preparing your family, pets, and home in the event of a hurricane or other disaster. We may not be able to prevent hurricanes from occurring, but by planning ahead we can help save lives, property, and reduce the time it takes for our communities to recover.

In creating a resident's emergency plan, it is important to carefully consider the particular needs of the people who live in your home. This plan will help you prepare for future hurricanes and other disasters by providing useful planning tips, suggestions, and checklists.

Be sure to consider the needs of each person in your household, especially those with special needs: infants and children, elderly persons, and persons with disabilities. Your family may not be together when a disaster occurs, so it is good to plan ahead and choose a place where you could meet after a disaster or how you will contact one another if you are separated.

Amelia Island Plantation (AIP) Community Association
Community Disaster Plan Timeline for Hurricane Emergency

NOTE: This is a disaster plan implementation timeline for the Amelia Island Plantation Community Association in Florida, located in an area which experiences frequent hurricane emergencies. While some items in this plan are specific to requirements for hurricane preparation and response, it provides a good example of the detailed information needed to implement a functional community emergency plan.

Time	County Emergency Operations Center (EOC)	Community Crisis Managemnt Team (CMT)	Comments
Now	EOC on "Monitoring Activation" (see EOC website for activation protocols and terminology)	CMT communicates to all AIP members to register Persons with Special Needs with Nassau County EOC Each AIP Group: • Supplies Check • Important Files Ready • Evacuation Route Advertised • Test Equip, incuding satellite phones • Ready to "work from your vehicle" after hazard	CMT seeks to register Special Needs Persons —- Go to http://www.nassaucountyfl.com/index.aspx?NID=84 CMT provides all members web videos on preparation CMT annual Emergency Preparedness Day CMT provides EOC's web- resources info to AIP's memberships CMT members become Incident Command System certified (ICS certified) in courses IS-100, 200, 700, 800 and then in courses G-300 and G-400 CMT members prepare backups for their files/documents
7 Days Before Anticipated Impact	EOC on Monitoring Activation or Partial Activation	CMT Prep Meeting Called 2:00 pm Move Hurricane Safety Info to Public Side of Websites—Link to EOC Web info Depending on anticipated storm direction, CMT calls Jacks Airport Hotel, or MacClenny GA or Gainesville FL hotel and books 10 pre-reserved rooms starting 3 days before anticipated impact	CMT Chair is linked to EOC via CMT EOC Liaison CMT authorizes one-page handout for mailboxes and for emails: "Be prepared to evacuate early . . ." Each AIP Group: • Completes their time delineated checklist • Ensures that they have prepared & submitted resources requests and will receive these ahead of the anticipated impact. • Makes daily phone call with CMT at 3 pm • Communicates expectations to their memberships • Monitors National Weather Service— updated every 6 hrs.

5 Days Before Anticipated Impact	EOC Partial Activation	CMT Prep Meeting Called Satellite Radios Operational	CMT members are meeting by phone as CMT Messaging to AIP members, "stakeholders" and guests is "Think about leaving early if evacuation is called."
3 Days Before Anticipated Impact	EOC Full Activation EOC anticipated to announce Evacuation 45 Hours Before Shelters opening County Info Line opening AIP Rep is at EOC—reports back to CMT 2x per day 7 am and 1 pm.	CMT command activated at main gate Last Supplies Check Important Files Safe Evacuation Route Advertised Last Test of Equip inlcuding sat phones	Each organization is • Working through timed checklists • Securing the property • Assuring protective measures • Assuring resource support CMT meetings 2x per day at main gate 9 am and 3 pm. Nassau Baptist Hospital closes. Moves critical patients downtown. Nassau Health Dept. can call each Special Needs person who is registered with Nassau County.
45 Hours[5] Before Anticipated Impact	Governor's Evacuation Order Provided to Nassau County Commissioners EOC announces Evacuation. Early evacuation is for persons with Special Needs AIP rep is at EOC reporting back to CMT Chair 8 am and 2 pm	AIP communicates to members the Evacuation Orders (Routes) and Expectations (no power 6 weeks, no water or sewer 4 weeks, no EMS) CMT command is operational at Main Gate—meetings at 8 am and 2 pm to explain county briefings and notices	EOC has 2 functions—Emergency Support Function Command and Control (ICS) CMT meets 2x day at 9 am and 3 pm at the Main Gate
36 Hours Before	EOC is Considering Options for Protection	Listen to EOC and Communicate to Members CMT off-site office now set up	Options for protection—e.g., Move Fire Station off island. E.g., Off-Island staging of resources to a preset area. AIP communicates expectations to members: "Secure your homes as you evacuate. EMS and staff will be leaving. Fire and Sheriff will be the last to leave. FPU will seek to keep power on as much as possible." CMT meets 2x day at 9 am and 3 pm at the Main Gate.
1 Day Before	EOC Activated Call to Evacuate AIP Call to Shelters	AIP communicates Evacuation and Expectations CMT last checks	Sheriff, Fire and Rescue leave – last possible moment. Heckscher Bridge closed. Shave Bridge open, but close with tropical storm winds steady 45 MPH. CMT meets 2x day at 9 am and 3 pm—by phone or at the Main Gate. Nassau Health Deptartment operates special needs shelter.

[5] EOC indicates County Evac Order is issued somewhere from 54-42 hours before impact.

Tropical Storm Winds Commence at Steady 45 MPH	Shave Bridge is Closed 911 Calls are Queuing	Listen to 89.9 FM for emergency information.	Because of storm inundation modeling, both roadway "ends" of Shave Bridge are under water. No EMS—911 calls are in queue. CMT meets 2x day at 9 am and 3 pm—by phone.
Storm Winds, Flooding, and Storm Surge	Shave Bridge is Closed AIP Liaison is at EOC Command Center	Listen to 89.9 FM for emergency information.	No EMS.
Post Hazard Incident Priorities in Order	• Life Safety • Limit/Stabilize Incident • Property Conservation, including environmental	• Property Recovery • Environmental Conservation • Restoration to "New Normal" • Use ICS protocols to help ensure AIP's FEMA reimbursement	Worst Case Scenario – If Shave Bridge is not open and satellite phone or cellular phone communication not working, meet at KFC parking lot on corner of 1-95 and A1A daily at 9:00 a.m. until everyone is accounted for. Other Scenario—Satellite phones in operation. Shave Bridge remains closed. Until it opens, the CMT meets via satellite phones only. CMT is in communication at 9:00 am and 3:00 p.m. by phone.
3 Days Post Impact	Presidential Declaration of Disaster has been made. EOC prohibits access to island until safe. EOC Search and Rescue nears completion.	CMT provides action alerts to members based on information coming from EOC twice per day. Finance Department is preparing for paperwork via FEMA.	CMT is in communication at 9:00 am and 3:00 p.m. by phone. Satellite phones in operation. Presidential Declaration sets in motion the Stafford Act, which allows for reimbursements via FEMA paperwork for storm cleanup under rigid rules.
4 Days Post Impact	Storm surge and flooding have subsided. EOC chooses whether to allow travel on Shave Bridge by whom/when.		CMT is in communication at 9:00 a.m. and 3:00 p.m. by phone. Satellite phones in operation.
5 Days Post Impact	EOC concludes search and rescue. EOC provides Fire and EMS response. EOC clears debris at entry. EOC completes assessments and determines roadways, electric utilities, and buildings are safe.	CMT is on site at Command Post (either Main Gate, Omni Hotel or Club depending on which is still standing). Security staff are in place. Security ensure members have access and that unscrupulous contractors do not have access. With notice from EOC that buildings and roads are determined safe, AIP allows limited access to property.	Onsite command post is Main Gate (first choice). If not standing, then Omni Hotel (second choice), then Club (third choice). AIP provides photo service for members who request photos of their homes to be published online. Assuming that utilities are no longer working, AIP allows members "daylight-only" access to homes, unless EOC permits night-time use.

| 30-60 Days Post Impact | EOC is in "monitoring activation" and normal day-to-day operations. | AIP is back to business under the "new normal."

CMT concludes with last paperwork going to the Finance Department for FEMA processing.

CMT performs Event Post Mortem to discuss ways to improve for next time. | Social Resiliency is the goal for all AIP organizations.

Working together, we can achieve full functionality quicker. |

SAMPLE DOCUMENT 3:

Personal or Family Emergency Preparation

The association encourages all residents to have a personal or family emergency plan that supports the community plan.

Preparing Residences for Weather Emergency

FEMA and NOAA recommend that homeowners take the following steps to prepare for a weather-related emergency such as hurricane, flood, earthquake, tornado, or snow storm. Typical steps include:

COLLECT EMERGENCY SUPPLIES
- Flashlights and extra bulbs
- Battery-operated radio
- Battery-operated lanterns
- Extra batteries (in different sizes!)
- Matches or lighters
- First Aid kit
- Tarps and duct tape
- Rain gear and umbrella
- Ice and coolers
- Clock (wind-up or battery-powered)
- Plastic trash bags in various sizes
- Fire extinguisher and lighters
- Scissors and manual can opener
- Clean clothes and jackets
- Blankets and sleeping bags
- Heavy gloves, googles, boots
- Books, games, toys
- Pet leash, ID tags, carrier

FOOD & WATER SUPPLY
- Non-perishable food
- Bottled water (1 gallon/person/day)
- Two coolers (drinks and food)
- Ice and ice packs
- Pet food and water
- Paper plates, cups, and plastic utensils
- Paper towels and wipes
- Manual can opener
- Matches or lighter

FIRST AID KIT
- Medic-alert tags
- Insect-repellent spray
- Hygiene items
- Sunscreen
- Soap and hand sanitizers
- Mouthwash and toothpaste
- Diaper cream
- Over-the-counter (OTC) medications
- Children's medications
- Bandages, tape, gauze pads
- Antiseptic ointment or spray
- Thermometer
- Scissors, tweezers, nail clipper

SECURE HOMES & BULDINGS
- Store or secure outdoor items
- Trim dead tree branches
- Board up windows
- Fill car gas tank
- Release garage door opener
- Fill gas container and store safely
- Get extra cash
- Move furniture away from windows
- Put important documents in a safe place
- Back up computer
- Print emergency contact information
- Have supply of food, water, medicine
- Test battery powered radio/TV
- Test generator and get fuel

Personal or Family Emergency Supplies

FEMA recommends that individuals create a personal or family emergency supply kit that includes the following:

- Water: one gallon per person per day; enough for 3-5 days
- Non-perishable food for 3-5 days
- Large coolers and ice
- Battery-powered or hand crank radio plus NOAA weather radio with tone alert
- Flashlights, lanterns, and extra batteries
- First aid kit for adults, children, and pets
- First aid manual or instruction sheet
- Mouthwash, toothpaste, denture supplies
- Toilet paper, wipes, personal hygiene items
- Disinfecting supplies (bleach, buckets, medicine dropper)
- Whistle to signal for help
- Dust masks, trash bags, work gloves, tarps, plastic sheeting, duct tape
- Basic tool kit
- Manual can opener
- Paper plates, cups, and utensils
- Cell phone with charger and extra batteries
- Prescriptions and over-the-counter medications
- Eyeglasses and sunglasses
- Infant formula, foods, and diapers
- Pet food, water, medications, leash, ID tag
- Cash and change
- Sleeping bag or blanket for each person
- Extra clothing and shoes
- Matches, lighter, and fire extinguisher
- Notebook, paper, and pencil
- Books, games, puzzles, and activities
- Disposable cameras (to document damage)
- Fuel and electrical cords for generator

Personal Information File for Emergencies

Before a disaster or weather emergency, all residents should be encouraged to create a Personal Emergency Information File containing key records and irreplaceable information. This data can be scanned and stored on a computer flash drive or CD, and paper copies may be kept in a safe place with a copy off-premises. Cloud storage is a highly-recommended.

Typical information will include:
- Copies of key identification, including Social Security card, passport, driver's license, etc.
- Medical records, insurance cards, list of prescription medications and medical supplies, medical alert information, immunization records.
- Homeownership information, including deeds, tax receipts, insurance policies, and copy of utility bill to prove residency.
- Children's school documents and immunization records.
- Pet immunization, license tag, and photos.
- Automobile description, license, registration, and insurance information.
- Key bank account numbers and financial information.
- Printed list of essential contact information for family members and caretakers.
- Copies of key documents and personal papers.
- Photographs or video record of home and contents.
- Computer backup files.

Original documents should be placed in a waterproof, portable container and moved to a secure location during an emergency. Digital cloud storage is highly recommended. For more information, see https://www.ready.gov/kit.

About the Foundation for Community Association Research

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.

About Community Associations Institute (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 36,000 members, CAI works in partnership with 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.

DEVELOPING FUNCTION-SPECIFIC BEST PRACTICES
in the community association industry has been a goal of
Community Associations Institute and the Foundation for
Community Association Research for several years. The
Foundation has developed best practices in select topic areas
using a variety of sources, including, but not limited to,
recommendations from industry experts and various industry-
related publications. The outcomes of the Best Practices project
include:

- Documented criteria for function-specific best practices.
- Case studies of community associations that have
  demonstrated success in specific areas.
- A showcase on community excellence.

best practices

Reserve Studies/ Management

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best practices

Community Associations Institute (CAI) and the Foundation for Community Association Research are dedicated to conducting research and acting as a clearinghouse for information on innovations and best practices in community association creation and management.

What are Best Practices?

The Foundation for Community Association Research is proud to offer function-specific Best Practices Reports in the community association industry. The Foundation has developed best practices in select topic areas using a variety of sources, including, but not limited to, recommendations from industry experts and various industry-related publications. The outcomes of the Best Practices project include:

- documented criteria for function-specific best practices;
- case studies of community associations that have demonstrated success; and
- the development of a showcase on community excellence.

The benefits of benchmarking and developing best practices include: improving quality; setting high performance targets; helping to overcome the disbelief that stretched goals are possible; strengthening cost positions; developing innovative approaches to operating and managing practices; accelerating culture change by making an organization look outward rather than focusing inward; and bringing accountability to the organization because it is an ongoing process for measuring performance and ensuring improvement relative to the leaders in the field.

The Foundation's entire catalog Best Practices Reports is available at www.cairf.org as a free download and for sale in CAI's bookstore.

Overview

Community associations come in all sizes. They vary in age, amenities provided, and maintenance obligations. Careful planning for future repairs and replacements is not only in the best physical and fiscal interests of the community association, it is required by law in some states. Maintaining a reserve fund not only meets legal, fiduciary and professional requirements, it also minimizes the need for special assessments and enhances resale values.

Every community association requires a different amount of cash in reserves to complete repair or replacement projects on schedule without special assessments or loans. How does an association properly determine and compile adequate reserves to fund necessary repair and replacement costs? By conducting reserve studies.

Definition of Reserve Studies

There are two components of a reserve study—a physical analysis and a financial analysis. During the physical analysis, a reserve provider evaluates information regarding the physical status and repair/replacement cost of the association's major common area components. To do so, the provider conducts a component inventory, a condition assessment, and life and valuation estimates. A financial analysis assesses only the association's reserve balance or fund status (measured in cash or as percent funded) to determine a recommendation for an appropriate reserve contribution rate (funding plan).

Types of Reserve Studies

Reserve studies fit into one of three categories: *Full*; *Update, With-Site-Visit/On-Site Review*; and *Update, No-Site-Visit/Off Site Review* (listed from exhaustive to minimal).

- In a *Full* reserve study, the reserve provider conducts a component inventory, a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both a fund status and a funding plan.
- In an *Update, With-Site-Visit/On-Site Review*, the reserve provider conducts a component inventory (verification only, not quantification), a condition assessment (based on on-site visual observations), and life and valuation estimates to determine both a fund status and a funding plan.
- In an *Update, No-Site-Visit/Off Site Review*, the reserve provider conducts life and valuation estimates to determine a fund status and a funding plan.

Contents of a Reserve Study

A reserve study should include the following:

- A summary of the association, including the number of units, physical description, and the financial condition of the reserve fund.
- A projection of the reserve starting balance, recommended reserve contributions, projected reserve expenses, and the projected ending reserve fund balance for a minimum of 20 years.
- A tabular listing of the component inventory, component quantity or identifying descriptions, useful life, remaining useful life, and current replacement cost.
- A description of the methods and objectives utilized in computing the fund status and in the development of the funding plan.
- Source(s) utilized to obtain component repair or replacement cost estimates.
- A description of the level of service by which the reserve study was prepared and the fiscal year for which the reserve study was prepared.

Disclosure

Experts recommend the following items be included in a comprehensive reserve study:

- A statement disclosing other involvement(s) with the association that could result in actual or perceived conflicts of interest.
- A narrative description of the physical analysis that details how the on-site observations were performed, i.e. representative sampling vs. all common areas, destructive

testing or not, field measurements vs. drawing take-offs, etc.

- A description of the assumptions utilized for interest and inflation, tax and other outside factors for the financial analysis.
- A written explanation of the credentials (state or organizational licenses/credentials) held by the individual who prepared the reserve study or oversight.
- A report on how the current work is reliant on the validity of prior reserve studies.
- Discussion of material issues which, if not disclosed, would cause a distortion of the association's situation.
- Reliable information provided by the association's official representative regarding financial, physical, quantity or historical issues. The reserve study will be a reflection of information provided to the consultant and assembled for the association's use, not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.
- The actual or projected reserve balance total presented in the reserve study based upon information provided.
- Accurate reserve components as determined in the *Update With-Site-Visit* and *Update With No-Site-Visit* levels of service.
- A description of reserve projects which is considered reliable. Any on-site inspection should not be considered a project audit or quality inspection.

Determining a Reserve Schedule

A reserve schedule is the financial summary of the reserve study. Its format depends on the funding method used (see "Selecting a Funding Plan" section). During the development of a reserve schedule, the association and its reserve specialist should follow the steps detailed in Figure 1 on the opposite page.

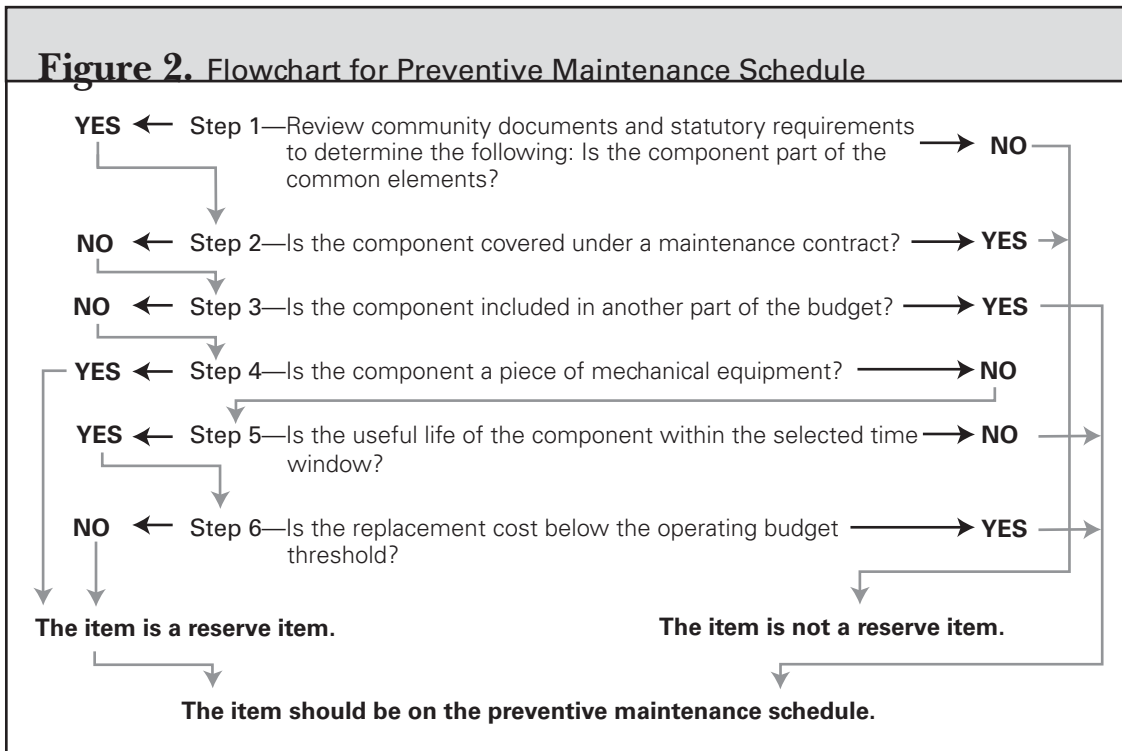## Establishing a Preventive Maintenance Schedule

Once you've determined which items are reserve components, it's time to establish a preventive maintenance schedule. Associations should establish a preventive maintenance schedule for two primary reasons:

1. If associations do not maintain the components on the reserve schedule, they will not attain their full useful life. Consequently, the components will need to be replaced earlier and the replacement cost will need to be collected over a shorter period of time. This could result in possible special assessments.
2. If associations do not maintain the components that are not included in the reserve schedule, they may require replacement whereas if they were maintained, they would not. For example, wood siding, when maintained properly, will last indefinitely. Without proper maintenance, it may need to be completely replaced in the future.

Figure 2 on the opposite page is a flowchart to assist you in developing a preventive maintenance schedule.

Selecting a Funding Plan

Once your association has established its funding goals, the association can select an

Figure 1. Flowchart for Selecting Reserve-Schedule Components

YES ← Step 1—Review community documents and statutory requirements to determine the following: Is the component part of the common elements? → NO

NO ← Step 2—Is the component covered under a maintenance contract? → YES →

NO ← Step 3—Is the component included in another part of the budget? → YES →

YES ← Step 4—Is the component a piece of mechanical equipment? → NO

YES ← Step 5—Is the useful life of the component within the selected time window? → NO →

NO ← Step 6—Is the replacement cost below the operating budget threshold? → YES →

The item is a reserve item.   **The item is not a reserve item.**

Figure 2. Flowchart for Preventive Maintenance Schedule

YES ← Step 1—Review community documents and statutory requirements to determine the following: Is the component part of the common elements? → NO

NO ← Step 2—Is the component covered under a maintenance contract? → YES →

NO ← Step 3—Is the component included in another part of the budget? → YES

YES ← Step 4—Is the component a piece of mechanical equipment? → NO

YES ← Step 5—Is the useful life of the component within the selected time → NO window?

NO ← Step 6—Is the replacement cost below the operating budget threshold? → YES

The item is a reserve item.   **The item is not a reserve item.**

The item should be on the preventive maintenance schedule.

appropriate funding plan. There are four basic strategies from which most associations select. It is recommended that associations consult professionals to determine the best strategy or combination of plans that best suit the association's need. Additionally, associations should consult with their financial advisor to determine the tax implications of selecting a particular plan. Further, consult with the American Institute of Certified Public Accountants (AICPA) for their reporting requirements (see Financial Reporting section on page 7). The four funding plans and descriptions of each are detailed below. Associations will need to update their reserve studies more or less frequently depending on the funding strategy they select.

- **Full funding**—The goal of this funding strategy is to attain and maintain the reserves at or near 100 percent. For example, if an association has a component with a 10-year life and a $10,000 replacement cost, it should have $3,000 set aside for its replacement after three years ($10,000 divided by 10 years=$1,000 per year X 3 years=$3,000). In this case, $3,000 equals full funding.
- **Baseline funding**—The goal of this funding method is to keep the reserve cash balance above zero. This means that while each individual component may not be fully funded, the reserve balance does not drop below zero during the projected period. An association using this funding method must understand that even a minor reduction in a component's remaining useful life can result in a deficit in the reserve cash balance. Associations can implement this funding method more safely by conducting annual reserve updates that include field observations.
- **Threshold funding**—This method is based on the baseline funding concept. The minimum reserve cash balance in threshold funding; however, is set at a predetermined dollar amount.
- **Statutory funding**—This method is based on local statutes. To use it, associations set aside a specific minimum amount of reserves as required by statutes.

Developing an Investment Policy

Developing an investment policy is suggested to set a standard and procedure for investing reserve funds. It also allows boards to make consistent choices and brings structure and continuity to the decision. When developing an investment policy, the board should discuss and evaluate the following topics: general policy, goals and objectives, investment strategy, investment securities' selection criteria, and review and control policies.

Additionally, many states have laws protecting community associations from making what some would consider risky investments. It is suggested that associations review state laws related to reserves; review association documents regarding reserves; consult with service providers such as an attorney, an accountant and a community association manager; and conduct yearly reserve policy reviews.

See the sample investment policy on the opposite page.

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sample investment policy

The XYZ Condominium, Rockville, Maryland

BE IT RESOLVED that the replacement reserves shall be invested in such amounts as may be authorized by the Board of Directors in accordance with the following policy:

A. No funds shall be deposited or invested except in authorized investments. Authorized investments are those that are in accordance with the Maryland Condominium Act and with the declaration and bylaws of the XYZ condominium and that are obligations of, or fully guaranteed by, the U.S. government.

B. All accounts, instruments, and other documentation of such investments shall be subject to the approval of, and may from time to time be amended by, the board of directors as appropriate, and they shall be reviewed at least annually.

C. Investments shall be guided by the following goals, listed in decreasing order of importance:

a. *Safety of principal.* The long-term goal is safety of the replacement reserves.

b. *Liquidity and accessibility.* Funds should be readily available for projected or unexpected expenditures.

c. *Minimal costs.* Investment costs (redemption fees, commissions, and other transaction costs) should be minimized.

d. *Professional management.* Funds should be invested with professional managers who have good reputations and sound credentials.

e. *Return.* Funds should be invested to seek the highest level of return that is consistent with preservation of the purchasing power of the principal and accumulated interest.

Approved by the XYZ Condominium Board of Directors, (insert date)

Financial Reporting

In the early 1990s, the AICPA developed the *AICPA Audit and Accounting Guide: Audits of Common Interest Realty Associations* (CIRA) to establish accounting standards for accountants to use when composing the financial statements for common interest realty associations. The guide outlines what needs to be included in the financial statements and has requirements for information pertaining to future repairs and replacements.

The following should be included (see the AICPA's guide for a comprehensive list):

- Requirements, if any, in state statutes or association documents to accumulate funds for future major repairs and replacements and the CIRA's compliance or lack of compliance with them.
- A description of the CIRA's funding policy, if any, and compliance with it.
- A statement that funds are accumulated based on estimated future (or current) costs, that actual expenditures may vary from these estimates and that the variations may be material.
- Amounts assessed for major repairs and replacements in the current period, if any.
- A statement indicating whether a study was conducted to estimate remaining useful lives, future major repairs and/or future replacement costs.
- Information regarding special assessments if associations fund major repairs and replacements using them.

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case study #1

RR Community Association

Size: 312 units
Location: South Orange County, California

RR Community Association ("RRCA") is a condominium association located in South Orange County, California. RRCA, which was constructed from the mid- to late-1980s, consists of 312 units contained in 39 nearly identical 8-unit buildings. There are private roadways, two pool areas and extensive landscaped areas. The association's reserve components include the following:

Roadways (asphalt and concrete)
Roofs (flat and pitched composition shingle)
Paint (stucco, woodwork, and tubular steel)
Fencing, Walls and Gates
Lighting (buildings, walkways, streets and pool areas)
Two Pool Areas (each with pool, spa and restroom building)
Tot Lot
Deck Surfaces (entrance stairways and balconies)
Doors (garage and utility closets)
Landscaping (irrigation system, slopes, tree trimming)
Miscellaneous Components (awnings, rain gutters, etc.)

Steve Jackson, RS, started working with RRCA in the early-1990s. His first analyses concluded that while the association had a significant reserve fund, it was underfunded by approximately 40 percent. Based on his analyses and recommendations, the association contributed to their reserve fund to cover the normal deterioration of reserve components and also to correct their underfunded reserve position through time. With 312 units contributing to the reserve fund, the total reserve fund grew rapidly. However, everything is relative. With 312 units, the association also faced significant reserve expenditures in the future to properly maintain the community.

During the early- to mid-1990s, deterioration of the reserve components occurred at a more rapid rate than had been estimated. The association was becoming increasingly underfunded. Investigation found that the association had significant construction defects. Now, not only was the association faced with funding their reserve for normal deterioration of components and to correct their underfunded position, they also had to finance litigation against the community's developer.

During the investigation and litigation, which lasted approximately 2 years, the association's board of directors had a legal duty (according to California Civil Code) to analyze and disclose to the homeowners the association's reserve fund status on an annual basis. Contrary to the opinion of some in the legal community, this duty cannot be put on hold due to ongoing litigation. Each year, upon direction from the association's legal counsel, a reserve analysis was prepared that showed the reserve fund status *as if* the reserve components were designed and constructed properly. These analyses made it possible for the association to develop budgets based on normal circumstances with the anticipation

that additional expenses or accelerated expenses caused by defective conditions would be awarded to the association through litigation. Each year the association developed their budget based on this analysis and disclosed to the homeowners the assumptions used.

As the investigation progressed, the association's construction experts formulated a repair plan and estimated the total cost to correct construction deficiencies at roughly $3.5 million. Negotiations with the community's developer lead to a proposed settlement of $3.75 million to be paid over a one-year timeframe. Sounds great, right? Wrong. After paying accumulated legal and expert fees as well as repaying a line of credit, the association would be left with a net settlement of $3 million, resulting in a shortfall of approximately $500,000. How would the association make the necessary repairs with such a settlement?

The reconstruction, which would last approximately 18 months, called for repairs, modification or replacement of many reserve components. However, the association's board of directors had only a vague idea with regard to what the impact would be to the reserve components and subsequent changes to the reserve fund status. At this time, the association had approximately $300,000 in their reserve fund and was funding their reserves at a rate of approximately $15,000 per month.

The association's board of directors embarked on a series of analyses addressing the big picture, not just the defective conditions and proposed settlement. RRCA's property manager and legal counsel put together a panel of experts. The board of directors relied on the analyses and recommendations of their construction experts, reserve analyst, investment advisor, management firm and legal counsel. Here's what each party did:

Manager/Legal Counsel—Coordinated efforts of the experts and provided information as required.

Construction Expert—Identified most likely reconstruction schedule including cash flow requirements. Worked with reserve analyst to determine what the impact of the reconstruction plan would be to the reserve components.

Investment Advisor—Developed an investment strategy that would maximize interest income during the reconstruction period and provide necessary cash flow for reconstruction activities.

Reserve Analyst—Developed *pro forma* reserve analysis that projected the reserve fund status post reconstruction. Determined what information was critical to this analysis and collected it from management, legal counsel and the other experts. Performed analysis (described on page 10) and reported results to the board of directors.

Board of Directors—Listened to the advice of management, legal counsel and experts. The board asked the right questions and did their own due diligence to confirm what they were being told.

The experts concluded that the only way this reconstruction could be completed was if the association was willing to use not only the proposed settlement, but also the association's entire reserve fund (including reserve contributions to be made during the

reconstruction period).

The question for the reserve analyst became, "what will the impact to the membership be if the existing reserve funds are spent on the reconstruction project?" The board of directors relied on the reserve analyst to determine if the settlement would be sufficient to make the association whole again…both *physically and fiscally*. The board of directors was confident that the repair plan would make the association whole *physically*. Ultimately, the board of directors wanted to know if the existing reserve funds were spent on the reconstruction project, would the reserve contribution (and likely the assessments) need to be increased. If the reserve contribution did not require an increase after the reconstruction, the board would feel that this settlement would make them whole fiscally as well.

The reserve analyst found that the following would occur:

1. By the end of the reconstruction period, the association would spend nearly all of their reserve funds to finance the reconstruction. This would bring the reserve fund status from approximately 60 percent funded down to nearly zero.
2. Most of the major reserve components, which had been scheduled in previous reserve analyses to be addressed in the near future (i.e., flat roofs, painting, deck maintenance, etc.), would be addressed during the reconstruction period.
3. While the association's reserve fund status would be "weak" post reconstruction, the association would be able to pay for reserve expenses as they occurred and rebuild their reserve fund to a suitable level within approximately three years. After approximately five years, the association would be approaching "ideal" reserve fund status (i.e., 90% to 100% funded). All of this would be accomplished with no initial increase to the reserve fund contribution and only minimal increases through time.

During 1998, based on the analyses of their experts, the board of directors accepted the proposed settlement on behalf of the association. The reconstruction of the community was completed (ahead of schedule and within budget) during 1999. Almost the association's entire reserve fund was used to finance the reconstruction.

As of January 2000, the association's reserve fund was 22 percent funded. As planned, the 2000 fiscal year budget called for only a modest increase (consistent with the cost of living) to the reserve fund contribution. By the end of 2000, the association will be 36 percent funded. By the end of 2002, the association expects to be near 60 percent funded and by the end of 2005, they expect to be approaching an ideal reserve fund status.

Submitted by Steve Jackson, RS, Advanced Reserve Solutions, Inc.

case study #2

"ABC" Community Association

Size: 134 units
Location: Kauai, Hawaii

Located in Kauai, Hawaii, this 134-unit large resort condominium (apartment style) property was built in 1976. The association was originally designed to be a timeshare tennis club. However, that concept did not appeal to buyers and the plan was adjusted to present units in the association for sale as homes. It has experienced its share of trials through the years. The original developer took its time withdrawing from the association and turning it over to homeowner control. There were threats of converting the association to timeshare. There was the major rebuilding effort after Hurricane Iniki in September 1992. On the bright side, the community is now under a new management organization that has its roots in hotel and vacation ownership management and an appreciation for quality, cost-effective maintenance rather than a continuation of band-aid projects. Currently, there are 48 owners—47 individual owners and one large owner who operates their portfolio of units in a vacation club (timeshare) concept.

This association has had a mixture of reserve studies over the years. The first reserve study was a professional *Full* reserve study done in 1995 for fiscal year (FY) 1996. It found that the association was 17 percent funded and recommended monthly reserve contributions (MRC) of $17,700.

In 1996, the association performed a Do-It-Yourself Reserve Study Kit, in which they assembled the physical information on the property and obtained professional assistance in crunching the numbers and generating a report. In this report for FY 1997, they were found to be 29 percent funded and an effective MRC was computed to be $12,700. In 1997, a professional *No-Site-Visit Update* reserve study was done for FY 1998. That reserve study found them to be 45 percent funded and recommended a MRC of $12,600.

In 1998, the association had a professional *No-Site-Visit Update* reserve study done for FY 1999. That reserve study found them to be again 45 percent funded, and recommended a MRC of $13,000. In 1999 they also had a professional *No-Site-Visit Update* reserve study done for FY 2000, which found them to be 47 percent funded and recommended a MRC of $14,500. In 2000 they had a professional *With-Site-Visit Update* reserve study done for FY 2001. That reserve study found them to be 44 percent funded and again recommended a MRC of $14,500.

Despite starting at a weak 17 percent funded and even through the expenditures of many large repainting, asphalt resurfacing, and repair projects, the community association has increased its reserve fund strength to the 40-50 percent range over the last few years. Their expectation is continued growth in the strength of their reserve fund, judicious use of their maintenance budget, wise expenditures of reserves, and a strong reserve contribution rate. The association has never experienced a special assessment.

Submitted by Robert M. Nordlund, P.E., RS, Association Reserves, Inc.

case study #3

The Woodlands at West Orange Condominium Association
Size: 174 units
Location: West Orange, New Jersey

Since transition from developer control, the board of directors at The Woodlands at West Orange Condominium Association has funded the reserves in accordance with the recommendations in the initial capital reserve study and subsequent bi-annual updates. This strong belief in adequate reserves recently helped the association through a major roof replacement. Like many communities built in the 1980's, the roofs at The Woodlands contained fire-retardant treated (FRT) plywood that was subsequently found to be unsuitable for the construction of roofs. In 1996, within the statutory limit of ten years since construction, the association began procedures to prepare the necessary back-up to file a claim for reimbursement of replacement costs with the State of New Jersey. In 1998, the State awarded the association $254,000 toward the cost of the roof replacement project, which was anticipated to cost approximately $1.2 million including approximately $150,000 in roof-related enhancements.

The board of directors then faced the challenge of informing the unit owners that they were going to spend $1.2 million. To do so, the board president called a special meeting of all unit owners on April 30, 1998—a meeting that drew the largest attendance of any meeting ever held at The Woodlands. Under the guidance of the president and the Reserve Specialist, the project was analyzed for the owners. The association had $114,000 in available cash, of which $60,000 would be used toward the roof project. In addition, $606,000 was to be borrowed from the capital reserve fund and $78,000 was to be utilized from the escrow fund. Combined with the award from the state, the association was still facing a deficit of more than $221,000. To cover that deficit, a one-time assessment of $1,500 per unit was levied. To ease the burden, the assessment was made payable over a twelve-month period.

Luckily, the roof replacement project was completed ahead of schedule and at a cost savings of $61,000. The association was then faced with rebuilding its reserves and repaying the money borrowed from the capital reserve fund. At this time, the Reserve Specialist conducted another reserve analysis and found that a smaller contribution to the capital reserve fund would be sufficient to meet the association's needs. Prior to the roof project, the association was spending $30,000 a year in repairs. Since the new roofs were installed, that expenditure was added to the annual contribution to the reserve fund. The decision to continue to make contributions to the reserve fund at the higher rate was key to the association's ability to fully restore both the reserve fund and the escrow fund in an acceptable time frame.

Thanks to a true team effort by the association board members, the Reserve Specialist, the investment consultant, and the accountant, the association is once again fully funded—with a current reserve fund of $900,000—and the escrow fund completely restored. Moreover, the association has not had an increase in maintenance fees in seven years. This ongoing focus on reserves and quality maintenance of property has resulted in an extremely high demand for homes in The Woodlands at West Orange Condominium Association.

Submitted by Jerome M. Fien, President, The Woodlands at West Orange Condominium Association

Common Terms

For those not trained to perform reserve studies, some of the terminology may seem daunting. Here are some commonly used terms:

Cash Flow Method: A method of developing a reserve funding plan where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

Component Inventory: The task of selecting and quantifying reserve components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representative(s).

Component Method: A method of developing a reserve funding plan where the total contribution is based on the sum of contributions for individual components. See "cash-flow method."

Condition Assessment: The task of evaluating the current condition of the component based on observed or reported characteristics.

Current Replacement Cost: See "replacement cost."

Deficit: An actual or projected reserve balance less than the fully funded balance. The opposite would be a surplus.

Effective Age: The difference between useful life and remaining useful life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

Financial Analysis: The portion of a reserve study where the current status of the reserves (measured as cash or percent funded) and a recommended reserve contribution rate (reserve funding plan) are derived, and the projected reserve income and expense over time is presented. The financial analysis is one of the two parts of a reserve study.

Component Full Funding: When the actual or projected cumulative reserve balance for all components is equal to the fully funded balance.

Accrued Fund Balance (AFB): The total accrued depreciation. It's an indicator against which the actual or projected reserve balance can be compared to identify the direct proportion of the "used up" life of the current repair or replacement cost. This number is calculated for each component, and then summed together for an association total. The following formula can be utilized. AFB = Current Cost X Effective Age/Useful Life

Fund Status: The status of the reserve fund as compared to an established benchmark such as percent funding.

Funding Goals: Independent of methodology utilized, the following represent the basic categories of funding plan goals:

- *Baseline Funding:* Establishing a reserve funding goal of keeping the reserve cash balance above zero.

- *Component Full Funding:* Setting a reserve funding goal of attaining and maintaining cumulative reserves at or near 100% funded.
- *Statutory Funding:* Establishing a reserve funding goal of setting aside the specific minimum amount of reserves of component required by local statues.
- *Threshold Funding:* Establishing a reserve funding goal of keeping the reserve balance above a specified dollar or percent funded amount. Depending on the threshold, this may be more or less conservative than component full funding.

Funding Plan: An association's plan to provide income to a reserve fund to offset anticipated expenditures from that fund.

Funding Principles:
- *Sufficient Funds When Required*
- *Stable Contribution Rate over the Years*
- *Evenly Distributed Contributions over the Years*
- *Fiscally Responsible*

Life and Valuation Estimates: The task of estimating useful life, remaining useful life, and repair or replacement costs for the reserve components.

Percent Funded: The ratio, at a particular point of time (typically the beginning of the fiscal year), of the actual (or projected) reserve balance to the accrued fund balance, expressed as a percentage.

Physical Analysis: The portion of the reserve study where the component inventory, condition assessment, and life and valuation estimate tasks are performed. This represents one of the two parts of the reserve study.

Remaining Useful Life (RUL): Also referred to as remaining life (RL). The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the initial year have "zero" remaining useful life.

Replacement Cost: The cost of replacing, repairing, or restoring a reserve component to its original functional condition. The current replacement cost would be the cost to replace, repair, or restore the component during that particular year.

Reserve Balance: Actual or projected funds as of a particular point in time that the association has identified for use to defray the future repair or replacement of those major components which the association is obligated to maintain. Also known as reserves, reserve accounts, cash reserves. Based upon information provided and not audited.

Reserve Component: The individual line items in the reserve study developed or updated in the physical analysis. These elements form the building blocks for the reserve study. Components typically are the association responsibility, have limited useful life expectancies, have predictable remaining useful life expectancies, are above a minimum threshold cost, and are as required by local codes.

Reserve Provider: An individual that prepares reserve studies.

Special Assessment: An assessment levied on the members of an association in addition to regular assessments. Governing documents or local statutes often regulate special assessments.

Surplus: An actual or projected reserve balance greater than the fully funded balance.

Useful Life (UL): Total useful life or depreciable life is the estimated number of years that a reserve component can be expected to serve its intended function if it is properly constructed in its present application and/or installation.

Additional Resources

Books available from CAI

Accounting for Managers, by William H. Webster, 2004.

Community Association Finances, Common Sense from Common Ground: A Collection of Articles from CAI's Award-Winning Magazine, 2005.

Condos, Townhomes & Homeowners Associations: How to Make Your Investment Safer, by Patrick Hohman, 2010.

Reserve Funds: How & Why Community Associations Invest Assets, by Mitchell H. Frumkin, P.E., CGP, RS and Nico F. March, CFM, RRP, editors, 2009.

Tips for Protecting Association Finances

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

Best Practices Reports *(available at www.cairf.org)*:

Community Harmony & Spirit

Community Security

Energy Efficiency

Financial Operations

Governance

Green Communities

Reserve Studies/Management

Strategic Planning

Transition

About the 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 volunteer leaders, community managers and other professional service providers, legislators, regulators and the media. Our work is made possible by your tax-deductible contributions.

Your support is essential to our research. Visit www.cairf.org or e-mail foundation@caionline.org.

About Community Associations Institute (CAI)

Community Associations Institute (CAI) is an international membership organization dedicated to building better communities. With more than 32,000 members, CAI works in partnership with 60 chapters, including a chapter in South Africa, as well as with housing leaders in a number of other countries, including Australia, Canada, the United Arab Emirates and the United Kingdom. CAI provides information, education and resources to the homeowner volunteers who govern communities and the professionals who support them.

CAI members include association board members and other homeowner leaders, community managers, association management firms and other professionals who provide products and services to associations. 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 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, innovations and best practices in community association development, governance and management.

We believe homeowner and condominium 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. Our mission is to inspire professionalism, effective leadership and responsible citizenship—ideals reflected in associations that are preferred places to call home. Visit www.caionline.org or call (888) 224-4321.

DEVELOPING FUNCTION-SPECIFIC BEST PRACTICES
in the community association industry has been a goal of Community Associations Institute and the Foundation for Community Association Research for several years. The Foundation has developed best practices in select topic areas using a variety of sources, including, but not limited to, recommendations from industry experts and various industry-related publications. The outcomes of the Best Practices project include:

- Documented criteria for function-specific best practices.
- Case studies of community associations that have demonstrated success in specific areas.
- A showcase on community excellence.

best practices

Strategic Planning

best practices

**FOUNDATION FOR
COMMUNITY ASSOCIATION
research**

best practices

Community Associations Institute (CAI) and the Foundation for Community Association Research are dedicated to conducting research and acting as a clearinghouse for information on innovations and best practices in community association creation and management.

What are Best Practices?

The Foundation for Community Association Research is proud to offer function-specific Best Practices Reports in the community association industry. The Foundation has developed best practices in select topic areas using a variety of sources, including, but not limited to, recommendations from industry experts and various industry-related publications. The outcomes of the Best Practices project include:

- documented criteria for function-specific best practices;
- case studies of community associations that have demonstrated success; and
- the development of a showcase on community excellence.

The benefits of benchmarking and developing best practices include: improving quality; setting high performance targets; helping to overcome the disbelief that stretched goals are possible; strengthening cost positions; developing innovative approaches to operating and managing practices; accelerating culture change by making an organization look outward rather than focusing inward; and bringing accountability to the organization because it is an ongoing process for measuring performance and ensuring improvement relative to the leaders in the field.

The Foundation's entire catalog Best Practices Reports is available at www.cairf.org as a free download and for sale in CAI's bookstore.

The Basics of Strategic Planning

Strategic Planning Definition and Philosophy

Strategic planning is more than ensuring your association will remain financially sound and be able to maintain its reserves—it's projecting where your association expects to be in five, ten, or fifteen years—and how your association will get there. It is a systematic planning process involving a number of steps that identify the current status of the association, including its mission, vision for the future, operating values, needs (strengths, weaknesses, opportunities, and threats), goals, prioritized actions and strategies, action plans, and monitoring plans.

Strategic planning is the cornerstone of every common-interest community. Without strategic planning, the community will never know where it is going—much less know if it ever got there. An important concept of strategic planning is an understanding that in order for the community to flourish, everyone needs to work to ensure the team's goals are met. Team members include all association homeowners, the board of directors, professional management—whether onsite or through a management company—and various service professionals such as accountants and reserve professionals. This team needs to work as a collective body to be successful. Part of the team concept is the establishment of roles for the team players. Teams usually perform poorly if everyone or no one is trying to be the quarterback.

Strategic Planning Models

Strategic planning is a relatively new genre of planning, adapted from primarily two sources. Business schools have equipped leaders with institutional planning processes, which were developed from decision making and production control. Community planning schools have prepared planning staffs with models of social planning and physical land-use planning. The business model is more often tailored for a hierarchical organization with top-down control, although this has softened in the dot-com era. The community-planning model is more grass roots, bottom-up, consensus building and is better suited for non-profit organizations and local governments. The former is market share and profit oriented, and the latter is empowerment and constituent needs oriented. In between, there is a range of blended approaches.

Model 1: Non-Profit Organizations (NPOs)

Brian W. Barry details strategic planning for NPOs in the pamphlet and workbook *Strategic Planning Workbook for Nonprofit Organizations*. The workbook is oriented to organizations such as soup kitchens, nascent neighborhood groups, and other human services groups. It outlines the strategic planning process, but is tailored to a small organization

with a narrow focus. It also assumes that all of the stakeholders are represented, that they speak with authority, and that the constituencies they represent are fairly homogeneous. In order to be applied to community associations, this model must be modified to accommodate multiple missions in more complex organizations, which offer many services to very heterogeneous constituencies. However, it lacks attention on soliciting feedback and developing consensus.

NPO Strategic Planning includes:

- Recruiting stakeholders, power brokers, and leadership.

- Reviewing the organization's history and current situation.

- Reviewing and revising (or developing) the organization's mission statement.

- Identifying the organization's opportunities and threats.

- Identifying organizational strengths and weaknesses.

- Identifying the most critical issues arising from any of the organization's opportunities, threats, strengths, and weaknesses.

- Setting goals to remove weaknesses, blunt threats, and seizing opportunities.

- Brainstorming, evaluating, and selecting strategies to empower leaders.

- Critiquing and reviewing the plan.

- Revising goals, and re-implementing goals, as appropriate.

Model 2: Applied Strategic Planning

The Applied Strategic Planning approach is described in the pamphlet *Applied Strategic Planning, An Introduction* by Leonard D. Goodstein, Timothy M. Nolan, and William J. Pfeiffer. Business and military executives tend to favor this model. It assumes a top-down hierarchy with a plans and operations department, that is responsible for running the models and recruiting and involving appropriate and key personnel. It also presumes the existence of a fair degree of quantifiable data and business modeling decision making where one finds targets and executes programs. This method might be well suited for solving problems where constituents have an identifiable problem and are unified in the opinion that better service is needed. The process also incorporates scanning the environment, brainstorming solutions, establishing a future orientation, and looking at the behavior of competitors and new products on the horizon.

Applied Strategic Planning includes:

- Identifying consultants and key internal players.

- Garnering CEO support, identifying stakeholders, and setting planning goals.

- Scanning organizational values, philosophy, and culture.

- (Re)defining the organization's mission statement.

- Identifying new futures and new venture opportunities.

- Auditing threats, opportunities, strengths, and weaknesses.

- Identifying critical gaps between where the organization is and its future.

- Selecting strategies to expand or retrench as a means to close performance gaps.

- Implementing the strategies to acquire or divest.

- Monitoring actions, updating conditions, and restarting the cycle.

Model 3: ICMA Strategic Development
This model is the least relevant to community planning as it focuses very narrowly on the special issue of economic development. It makes a strong case for inventorying existing capacities and capabilities. It also contains several good elements that would stimulate association planning groups' thinking on consensus building. ICMA Strategic Development is described in *Economic Development: A Strategic Approach for Local Governments*, a 68-page leaders guide and student workbook for an International City/County Management Association (ICMA) course on local economic development.

ICMA Strategic Development includes:

- Augmenting existing planning structure with stakeholders.

- Conducting an environmental scan of community conditions.

- Identifying and evaluating the community resources.

- Identifying and rating different community business activities.

- Identifying and rating different community development agencies and programs.

- Conducting an inventory of congruent and divergent values and visions in the community.

- Imagining and describing multiple visions of different community economic sectors.

- Developing visions into goals and establishing objectives to reach the goals.

- Describing who, what, when, how, and where resources are needed.

- Monitoring, reporting, updating, and reallocating efforts as targets are hit.

- Restarting the process again by recruiting a new group and conducting scans.

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benefits of the long-range plan

(from "A Roadmap to the Future, The Importance of Long-Range Planning" by Bernard Steiner, Common Ground*, January/February 1986.)*

- Stimulates thinking to make better use of the association's resources.
- Assigns responsibility and schedules work.
- Coordinates and unifies efforts.
- Facilitates control and evaluation of the association's activities (accountability).
- Creates awareness of obstacles to overcome.
- Identifies opportunities.
- Avoids the trap of linear thinking.
- Facilitates progressive advancement of the association's goals.

Applying Strategies in Community Associations

In 1999, the Radisson Community, located in Baldwinsville, New York, and comprised of more than 2,100 residential units, developed a strategic plan which was derived from the NPO workbook, material used in the City of Syracuse by the former mayor, and the research and planning experiences of the community's executive director, a planner by previous training. Parts of Applied Strategic Planning and ICMA Strategic Development were also used to guide discussion and give structure to the process.

More specifically, Radisson's strategic plan involved the following steps:

- Recruiting core leadership and augmenting with representatives from different groups.

- Educating, motivating, and empowering the group.

- Setting planning objectives, and expanding involvement.

- Understanding the state of the association and how and why it came to be.

- Imagining and understanding multiple visions of the future.

- Identifying current and likely changes and opportunities.

- Identifying things that the community does well and reinforcing its hallmarks and core values.

- Describing a path to the visions of the future using strengths and opportunities.

- Bundling strategies into groups around organizational strengths and leaders.

- Describing the plan to all association members and soliciting comments on multiple strategies.

- Restating the popularized plan, seeking broad-based consensus for it, and soliciting more feedback and involvement.

- Assigning plan parts within the organization, and soliciting operating plans, budgets, and schedules.

- Prioritizing goals—allocating and planning resource utilization.

- Monitoring accomplishments and soliciting and reaffirming consensus on remaining items.

- Restarting the vision making process with a new group of interested members—starting over.

Strategic Planning in Your Community

If your association is not equipped to evaluate the aforementioned models and develop a strategic plan, the next section contains a simple breakdown of strategic planning and what you can do to set and reach goals for your community.

Components of Strategic Planning

Strategic planning's three main components are **plan development, plan execution,** and **plan review.** Many of the functional areas within these components are similar in that all three require a team concept that is based on: ensuring the member's roles are defined, educating team members about the process, and using quality communication when interacting.

Plan Development

Plan development is the first component of strategic planning. During this stage, the following steps should be completed.

1. **Assess the association's history and significant accomplishments.** Develop a history of the association. List important milestones that brought the association to where it is today. In order to help visualize how the association has changed over the years, include items where impact occurred in the association's operations, such as: hiring additional staff, upgrade computer hardware/software, changing processes significantly, raising dues, building additional facilities, rebuilding/renovating existing facilities, etc., by dates and quantities/dollars, as appropriate.

2. **Assess the association's current status.** Determine the association's current status by looking at such things as the state of the facilities, infrastructure of the operations, the financial statements, the demographics of the population, and so forth.

3. **Evaluate the association's current governance structure.** Review the operations to determine how responsibilities are assigned, defining communications and authorities. Examine policies, procedures, and desk guides available to determine the chain of command within the association's staff, within the board, and for oversight and communications between the staff or property management company and the board of directors. Critical is the point of contact for the staff or management company and the board, to preclude misunderstandings, duplications of effort, things falling through the cracks, etc.

   a. Determine the board's responsibilities versus that of the staff or management company's responsibilities. An example of a delineation of responsibilities between the staff or management company and the board is covered in Policy Governance, which simply stated, assigns the board's function as that of policy making, the "what is" of the subject/issue, while the staff's or management company's function is that of carrying out the policies, the "how to" of the subject/issue. *See* Best Practices Report #2: Governance *for a detailed description of Policy Governance.*

4. **Develop mission and vision statements.** The vision statement is the image or state to which the association aspires. It emphasizes the dream of where the association will be at a specific time. The mission statement is the organization's purpose stated in a memorable phrase. In short, an association's mission statement describes the

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sample mission statement

To provide services to our community and to our member property owners as defined by the KICA Board in response to member preferences. Of particular emphasis are efforts to build a stronger Sense of Community, efforts to resist crowding, and efforts to maintain our environment. This will be done in a manner that provides for the preservation of values, for the maintenance of common facilities and services, and for a vehicle for the administration and enforcement of covenants and restrictions.

—*From Kiawah Island Community Association's* Long Range Plan Report*, August 14, 2000*

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business it's in. It should be geared toward fulfilling the association's purpose and what it is intended to do with some specifics contained in the governing documents. Mission and vision statements should not be a list of goals.

5. **Determine operating values**. Also called guiding principles, these values state the association's intentions and expectations. They are used to judge the association's policies and actions, as well as individual conduct. Associations should include values such as: the importance of customers and customer service; commitment to quality and innovation; importance of honesty; integrity and ethical behavior; corporate citizenship; respect for the employee and duty the association has to its employees; and importance of safety and protecting the environment, etc.

6. **Perform a needs assessment**. Determine the needs of the association by analyzing the present state of the community, addressing any critical issues, and identifying the association's strengths, weaknesses, opportunities, and threats.

   a. **Determination of key result areas**. Define five to ten areas in which the association must be successful in order to accomplish its mission, based on customer expectations.

      i. **Determine customer expectations**. Determine the customer [members, suppliers, and employees] expectations of the association as stakeholders. Group the expectations into five to ten key results areas.

7. **Determine critical issues**. List the critical issues faced by the association that must be addressed for the association to achieve its mission and vision, based on an assessment of its strengths, weaknesses, opportunities, and threats.

   a. **Assessment of strengths, weaknesses, opportunities, and threats (SWOT)**

      i. **Strengths**. List the organizational attributes that promote the association's ability to meet its mission and vision.

      ii. **Weaknesses**. List those organizational attributes that hamper the association's ability to meet its mission and vision. Some examples include inadequate technology or use of technology, lack core competency training, poor service, and so forth.

      iii. **Opportunities**. List those factors, internal and external, that would enable the association to meet its mission and vision. Some examples include technological advances in needed areas, consolidating functions, etc.

iv. **Threats.** List those factors, internal or external, that would hamper the association from meeting its mission and vision. Some examples include high rate of foreclosures, drawn out worker strike, change in developer focus, etc.

8. **Define the roles of key players.** Who will be the key people responsible for each aspect of the strategic plan? Answer questions such as: What level of control will the board have? Is the manager going to be a proactive leader or an administrator? Are the homeowners going to be active as committee members or are they going to be less involved? Role definition is extremely important so that efforts are not duplicated—or neglected overall. One way to establish a team and define specific roles is to adopt a model similar to a city council and city manager form of government. The city council (board of directors) sets policies, votes on contracts and bids, and is the on-site eyes and ears (oversight) of the community. The city manager (management) should be the professionally educated, proactive, paid leader who manages the day-to-day operations, brings issues and solution options to the table, and then implements the board's decisions. The citizens (homeowners) should attend meetings, serve on committees, and elect competent individuals to the board of directors. This concept of team roles goes much deeper than this discussion allows, especially in the areas of compliance, budgeting, and homeowner interaction.

9. **Educate and communicate the plan.** Without education and communication, team members can neither perform their roles nor effectively interact with each other. Make sure that every player has the necessary documents and basic knowledge to perform effectively. Further ensure that each of the players communicate with each other—provide updates as necessary and always ask for others' input. Better to catch a potential problem earlier rather than later. In the event that there is a change in management, association boards should also be sure to communicate their strategic plans to the new manager, and revise it, if necessary. Also, if the Strategic Plan calls for specific management participation, make sure it is spelled

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characteristics of a useful strategic plan

(from Professional Practices in Association Management, *John B. Cox, CAE, Editor, American Society of Association Executives, 1997)*

A useful strategic plan exhibits many characteristics. Specifically, it should be:

1. **A set of priorities.** Setting priorities allows for the plan to be adjusted according to changing needs or resources.

2. **Achievable, measurable, and time sensitive.** Remember, it's better to do a few things well than many things poorly. The plan should contain goals that are measurable and have deadlines.

3. **Flexible and responsive to changing conditions.** The plan is a road map that may contain unforeseen detours such as unexpected crises, new opportunities, or changes in resources.

4. **Short and simple.** Plans that are more like a book will sit on a shelf. Keep it focused on the most important things to accomplish.

5. **A unit, not a menu.** A useful plan is not a wish book. Everything in the plan needs to be accomplished.

6. **The means to an end, not an end in itself.** The plan is the process by which it reaches its destination; it is not the destination.

7. **Based on a three- to five-year period.** The strategic plan should be a living document that has a one-year drop off and a new year added so that it always covers the same time period.

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out in the management contract.

10. **Listen and take notes**. During the strategic planning process it is important for all parties to actively listen and take notes. Many type-A personalities, who may be involved with the association at any level, will want to solve the community's issues quickly and efficiently. If they do this without listening to the board of directors, homeowners, and vendors, they may be executing a plan, but not a quality strategic plan.

11. **Develop and prioritize long-range goals**. Develop long-range goals to address the critical issues identified through the needs assessment; then prioritize those goals.

12. **Develop short-term goals and action plans**. Establish short-term goals and specific action plans along with scheduled completion dates.

13. **Monitor the progress**. Establish a monitoring process to assess the progress made on both short-term and long-range goals.

Plan Execution

Plan execution is the second phase of strategic planning. In this step, an association puts its plan into action through the allocation of resources. This step has three components:

1. **Programs**. Association programs serve as blueprints for converting objectives into realities.

2. **Procedures**. Procedures are the specific sequence of tasks required to complete the programs.

sample agenda for a strategic planning session

(from Community First! *Bill Overton, PCAM, Editor, published by Community Associations Press, 1999)*

- Introduction and review of the process.
- History of the association and its significant milestones.
- Overview of the community today.
- Review of current governance structure.
- Development of association mission and vision statements.
- Challenges and threats to the association.
- Opportunities for improvement.
- Classification and prioritization.
- Implementation: timeline and responsibility assignments.
- Summary and conclusion.

3. **Budgets.** An association should prepare budgets to fund programs. Instead, many develop programs based on their budgets. Simply put, an association should be strategy-driven, not budget-driven.

If the plan development phase was put together well, then the plan execution phase is much easier. Many of the previously discussed items such as teamwork, roles, communication, and education are important and apply to the plan execution phase. Hold periodic meetings to review progress on short-term goals and plans. Without periodic meetings and reviews, the community will not move forward and achieve its goals. Lastly, adaptability is crucial to the plan execution phase since all plans will have flaws. If the team members are not adaptable, there may be simple issues that will not be resolved in a reasonable manner and the community will suffer.

Plan Review

Plan review is required constantly to improve the plan and ensure its execution. Part of the plan review occurs naturally when there's board turnover, a new homeowner, or changes in the law. In addition, plan review needs to be scheduled to ensure the plan is meeting the community's goals. This can be achieved through surveys, management review conferences, or discussions at meetings. If the community fails to update the plan, the plan will eventually fail the community. Industry experts suggest that associations and their managers review their strategic plans annually and completely overhaul their strategic plans every three to five years.

Use of a Consultant

An outside consultant or professional facilitator brings impartiality, pointed questions, and the facilitation skills needed to balance differences of opinion. Associations should be aware that consultants will take different approaches to strategic planning as no one, right way exists. While hiring a consultant can be expensive, he or she will greatly accelerate the association's learning curve and help to ensure that the strategic planning pro-

pitfalls to be avoided in the long-range planning process

(from "A Roadmap to the Future, The Importance of Long-Range Planning" by Bernard Steiner, Common Ground, *January/February 1986.)*

- Becoming so engrossed in current problems that insufficient time is spent on long-range planning, and the process becomes discredited.
- Failing to assume the necessary involvement in the planning process by other association committees.
- Failing to use plans as standards for measuring performance.
- Consistently rejecting the formal planning mechanism by making intuitive decisions which conflict with the formal long-range plan.
- Failing to develop association goals suitable as a basis for formulating long-range plans.

cess will complete a full cycle. If budgetary restraints do not allow for such assistance, associations may want to consider using a consultant for the initial sessions, where an objective assessment of the association's current position is necessary.

Case Studies of Strategic Planning

case study #1

Village at Craig Ranch Homeowners Association

Size: 206 single family homes

Location: North Las Vegas, Nevada

Board Size: Three (3)

The Village at Craig Ranch Homeowners Association (VCR) is a common-interest community that transitioned from developer control in 1998. The association has a five-acre park with a gazebo and children's play equipment, an RV parking area, two tennis courts, two sets of vehicle and pedestrian gates, perimeter landscaping, private streets, and an overflow parking area.

By the fall of 1998, the board recognized that the community had some serious problems. The association had less than $5,000 in its reserves, the gates had not worked for more than two years, the community did not have standing committees, and there were several major construction defects in the common areas and the homes. Delinquencies totaled more than $20,000, the reserve study wasn't current, and the management company and the board had an adversarial relationship. More over, there were five people elected to the board, but the governing documents only allowed three. The only way to rescue the association was to develop, execute, and review a strategic plan.

First, the association hired a new management company. During the search and interview process, the board honestly portrayed the association's condition and stressed that the association needed help. Upon hiring a new management company, the board and its manager scheduled several meetings to fully discuss the community's issues and develop a plan to remedy the problems. During these meetings, the central theme was team development, and the roles and responsibilities of each of the individual players were established.

Next, the board and manager listened to the homeowners' needs and ideas. The board scheduled two meetings during which 90 percent of the agenda was dedicated to homeowner input. The board and management also used these meetings to begin the homeowner education process. After that, the board and manager set out to prioritize the association's issues and needs. The association consulted with various experts—including attorneys, gate maintenance vendors, accountants, and the association's developer—to help with this process. Based on this feedback, management developed a draft plan and presented it to the board, which subsequently approved it. The report concluded that it would take two to three years to resolve the community's significant issues and stabilize the association. The plan was presented to homeowners both during the next meeting and in a mailing that included a request for input. The most significant concern was the lengthy timeframe for reaching stability, but once the attorneys explained the construction defect process, the homeowners understood the issue.

With everyone focused on the plan, the team began the execution phase. Management sent a request for nominations to elect a legitimate, three-person board. The board was elected and ratified the previous board's decisions. The board established a Welcoming/Social Committee, a Rules Development Committee, and an Architectural

Review Committee. Homeowners volunteered to serve on these committees. The Social/ Welcoming Committee plans three major social events each year, coordinates with management, formally welcomes all new homeowners, and serves refreshments at all board meetings. The Rules Development Committee assembled a four-page set of rules and regulations by taking the everyday rules from the governing documents and adding some other common-sense-based rules. Compliance issues have dropped significantly.

An assessment collection policy was established and reviewed by an attorney, as was a plan for those homeowners who were significantly delinquent. In the first year, delinquencies were reduced by almost $10,000. After 18 months, the common-area construction defect litigation was resolved. The developer paid for a comprehensive independent reserve study and appropriately funded the association's reserves. In addition to appropriate funding, the developer fixed the gate issues, sealed the streets and RV area, striped the RV area, and provided funds for other required maintenance.

Throughout the plan's execution, the board, homeowners, management company, and other vendors reviewed and updated the plan many times. Through this review process the team avoided many costly errors. During the review process, new plans were developed and executed. The largest of these is the establishment of an ad hoc committee to convert one of the tennis courts over to an all-purpose sports court primarily for children. Additionally, parking enforcement procedures were established, which reduced resident street parking from 75 cars to less than five per night. The review process continues as there is an annual survey mailed out to all homeowners. The board and management formally review the team's performance twice a year.

Currently, the association is functioning extremely well. Reserves are 100 percent funded, common area maintenance is ahead of schedule, committees are established and working, and assessments have remained level. The association members are much happier as they have seen their community flourish. Not everything is perfect in the association but the board and management continue to communicate and educate the team—and work toward its goals. With strategic planning, the Village at Craig Ranch Homeowners Association knows not only where it is, but also where it is going.

case study #2

Desert Shores Community Association

Size:	3100-unit mixed-use master-planned community
Location:	Las Vegas, Nevada
Board size:	Five (5)

Started in 1988, Desert Shores was the second master-planned community built in Las Vegas. The master developer designed the overall concept and closely supervised construction by twenty-two participating builders. Amenities include a 1500-square foot clubhouse, and a 200,000-gallon swimming pool designed to look like a tropical lagoon, surrounded by palm trees and a sand beach. Desert Shores' best-known amenities are its four man-made lakes, which cover sixty surface acres, are fully stocked with fish, and

are designed for small electric powered and pedal boats. The lakes are surrounded by more than thirty acres of landscaped common area, designed with heavy concentrations of trees, palms, shrubbery and turf grass.

From its inception, Desert Shores benefited from the effort of the master developer to involve and train volunteer homeowners on the board of directors and various advisory committees. When the developer transitioned the community to homeowner control, a full reserve study update was completed, proving the reserve fund to be adequately funded. Having experienced such a smooth transition, the Desert Shores board of directors adopted the reserve study as their master plan for operations for the next few years. The association sailed through its first seven years, maintaining the common area according to original standards, supporting operational costs and continuing to fund the reserves—all without an increase in assessments.

In 1997, as landscape maintenance and replacement costs continued to rise and that budget item, combined with the rising cost of water, became a major portion of the operating budget, it was apparent that action needed to be taken. The board decided the situation needed re-evaluation and some strategic planning. The first step toward strategic planning had already been taken—the problem had been identified. The board needed to find a way to maintain the ambiance of their community and still keep budgeted and reserve funding at adequate levels. The second step was to assemble a team to evaluate the problem.

Members of the board volunteered to serve on an ad hoc committee, along with other homeowners with volunteer experience on committees in the community and members of the management staff. They reviewed the latest update of the reserve study and reviewed the association's current financial status with the accounting director and the contracted CPA. They met with landscape experts and their current landscape contractor to discuss possible changes in materials and maintenance. They also took advantage of the local water district's policy and requested a water audit of the common grounds by their expert.

In meetings that included the board, committee members, management, and the landscape contractor, the results of the financial analysis and water audit were reviewed. The review showed that, with long range planning, the current irrigation system and landscape design could be modified to be more water efficient, with conversion to better equipment and drought-tolerant xeriscape landscape design. The conversion could be accomplished using a combination of budgeting operations and reserve funds, without having to raise assessments or issue a special assessment. The board decided to implement this plan on a test area where problems with maintenance and vandalism had escalated costs.

During the process, a series of articles about the rising costs of maintaining the turf landscape were published in the community newsletter and several informative mailings were sent out to the residents. Owners were kept well informed of the progress and invited to review the results for themselves. While there were a few complaints from those who preferred green pastures to the rock and desert plants that made up the xeriscape plans, the conversion was an overall success with the residents.

Now, four years after the plan was put into place, nearly one-third of the turf grass areas have been converted to xeriscaping. The community submitted the plan to the local water district and has received nearly $15,000 in credits. This is barely ten percent of the total cost to date, but was an unexpected bonus over the water and maintenance savings. The last step of any strategic plan is evaluation and there is little doubt that this ongoing plan has been a resounding success. It has even fallen in line with the City of Las Vegas water conservation campaign and inspired many homeowners to convert

their landscape after viewing how lush and beautiful even drought tolerant plants can be. The board and management are continuing to work with the landscape contractor to map out areas for conversion to this new plan.

Recently, after nearly twelve years, Desert Shores is experiencing problems with maintenance, damage, and replacement of mature trees throughout the community. Many of the desert tolerant pine trees have reached heights of thirty to forty feet and several have fallen in the high winds that are common in this area. In addition, these trees have become difficult to trim and are creating a nuisance as they shed onto the homeowners' property. This issue will be studied and a new strategic plan will be developed and implemented over the next five years. The same five-step method of identifying the problem(s), establishing a plan, implementing the plan, communicating to the homeowners, and evaluating the results will be used for the next strategic plan.

case study #3

Pelican Cove Condominium Association, Inc.

Size:	731 condominium units
Location:	Sarasota, Florida
Board Size:	Nine (9)

In July 1989, the Pelican Cove Condominium Association board of directors formed a Planning Committee to discuss the concerns of owners and develop strategies to address these concerns. At that point, there was a general feeling that time had become an enemy of the association. The buildings and grounds were being neglected—roofs, stairs, pools, and trees were all in dire need of attention. Board committees were ineffective due to lack of direction and the absence of financial scrutiny was apparent.

Following a year of weekly meetings, the Planning Committee published to the membership an eighteen-page document titled *One-Year and Five-Year Plans*. As a result of this thorough review, new management was hired, a seven-year special assessment for roof replacement was levied, and the community was forced to examine the future needs of Pelican Cove. The Planning Committee continues to publish a long-range plan each year as a reminder that past accomplishments do not guarantee future success. Unit owner surveys allow for necessary resident feedback on how the association is meeting their individual needs. The survey results are compiled, examined by the committee and often become the basis of the annual plan.

In recent years, all of the association's large capital projects have appeared as major topics in the plan—roof replacement, water conservation, and harbor dredging to name a few. Most recently, the idea of building a new clubhouse on the property first appeared as a topic in the 1996 plan. This one article was enough to plant the seed in many minds that this type of building was needed in order to support the activities of this bustling community. The resulting facility was completed in November 2000—on time and on budget—as the result of good planning.

One of the most significant issues currently facing Pelican Cove involves electronic communications. Several pages of the 2001 long-range plan were dedicated to informing residents as to how this topic pertains to them as individuals. With a

multi-year cable contract set to expire in December 2002, the association must seek alternative approaches such as satellite providers. Would the costs be less? Would the reception be better? Would more expanded programming be available? Would the interior wiring need to be replaced? These are just a few of the questions the Planning Committee is currently asking.

This committee and its annual plan and survey have become mainstays of the community. While actively concentrating on key concerns facing the community, the committee seeks to provide answers necessary in order to preserve, protect, and improve Pelican Cove.

case study #4

Crystal Lakes Road and Recreation Association

Size:	1,669 properties, 1,478 members, 5,000 acres
Location:	Larimer County, Colorado
Board Size:	Seven (7)

During fiscal year 2000–2001 the association's board of directors asked the Planning Committee to initiate a project with the following goals:

1. Establish the association's present position in reference to its governing documents as well as the future goals of, and the threats to, the association as a result of needs and desires resulting from the requirements established by those documents.
2. Develop a realistic and concise mission statement.
3. Develop a realistic and concise vision statement.
4. Develop realistic short and long term goals; which, when accomplished, would further the mission and vision as stated.
5. Analyze present and future staffing needs based upon specific present and future functions that need to be accomplished.

After several months of initial study and information collection by the Planning Committee, the board concluded that the assistance of a professional consulting firm would be necessary to complete this project. The board hired a consulting firm to assist with the completion of the project, which lasted for more than eight months. During this time, each board member spent approximately 50 hours of meeting and study time on the project. The final product of this study was the association's business plan and staff position plans, which were mailed to each association member in May 2001. The plans received a very positive response from the membership.

To date, the business plan has already resulted in several positive results.

1. Staff efficiency has improved by virtue of each staff member having a better understanding of their personal goals within the organization and the specific goal of the association.
2. An additional staff member has been added effective June 1, 2001 with initial positive results.
3. All staff members have received evaluations based upon their position plans and association goals.

4. Many of the short-term goals, as stated in the plan, have been accomplished and progress toward accomplishment of long-term goals is going well.

5. The plan has focused the board and the staff toward greater community support for the betterment of all concerned.

The total project expense, including copying and mailing, was approximately $10,000. The association learned a valuable lesson during the development of this plan: when you are required to professionally analyze your operation, to state your present situation and your future goals in writing, your sense of direction and spirit of accomplishment are greatly enhanced. The association's board deserves great credit for its commitment to develop this business plan and should be rewarded for its efforts. The association is dedicated to annual review and update of the plan in order to sustain the momentum which has been created. Membership input to these updates is paramount in the board's desires.

case study #5

Siena Community Association, Inc.

Size: 380 (as of July 2001), 1927 upon build-out

Location: Las Vegas, Nevada

Board size: Three (3) declarant representatives

Only a year-and-a-half old, Siena is a guard-gated, master-planned, age-qualified community consisting primarily of single-family detached homes. There are plans for approximately 100 attached townhome-style structures. Amenities include a 16,000-square-foot health and fitness center, a temporary 10,000-square-foot social center, common-area landscaping, and an entry fountain. In 2003, the builder will construct a 40,000-square-foot permanent community center. The association offers many activities for its residents including bocce clubs, water aerobics, ceramics and computer classes, social and holiday dances, mixers, and excursions.

The purpose of Siena's strategic planning is to provide the association with stable management and financial structure to successfully and efficiently transition from developer control. The major goals include: avoiding special assessments, avoiding large assessment increases after developer transition, and avoiding homeowner lawsuits. These goals contribute to the existence of a comfortable and stress-free community association living experience for residents.

To achieve these goals, the association will have an interim reserve study and a reserve study when construction is complete to ensure that the association's reserves are fully funded at the time of transition. State laws require these items, but it is the association's intent to incorporate homeowners into the process and to provide them with updates. In addition, some homeowners will sit on a transition team and be charged with the responsibility of studying the association's management operations and make subsequent recommendations.

One advantage of strategic planning in this instance is that homeowners have a voice in association management. It is also an organized way to collect homeowner input and initiates an objective, fact-based method by which the association collects this input.

case study #6

Tellico Village

Size:	2,100 single-family homes and townhouses
Age:	Fifteen (15) years
Location:	Loudon, Tennessee
Board size:	Seven (7)
Contact:	Don Miller
E-mail:	TVdrMiller@aol.com

Tellico Village is a recreational community with 4,300 residents, 135 staff members, and an annual budget of approximately ten million dollars. The association has three golf courses, a recreation center, a yacht club restaurant with about 400 docks, water and sewer systems, roughly 100 miles of private roads, and a volunteer fire department. There are eight volunteer property owner committees that provide advice on plans and operations to the association's management and board.

The association annually sets goals and objectives and prepares a five-year plan. However, management and board members recently concluded that the association needed to do more extensive long-range planning. The planning was particularly important because it is not a mature, static community. Instead, it will continue to grow and change for the next ten to twenty years. Accordingly, the association developed a 20-year plan called *Vision 2020*.

Vision 2020—Intent and Outcomes

Vision 2020's goal is to define what kind of community the association will be in the future. It outlines long-term needs, issues, and opportunities so that the association can develop strategies to effectively deal with them. *Vision 2020* has helped the association ensure that short-term decisions and strategies are consistent with long-term goals. Further, it has been a vehicle for discussion and debate on the long-term direction of the Village.
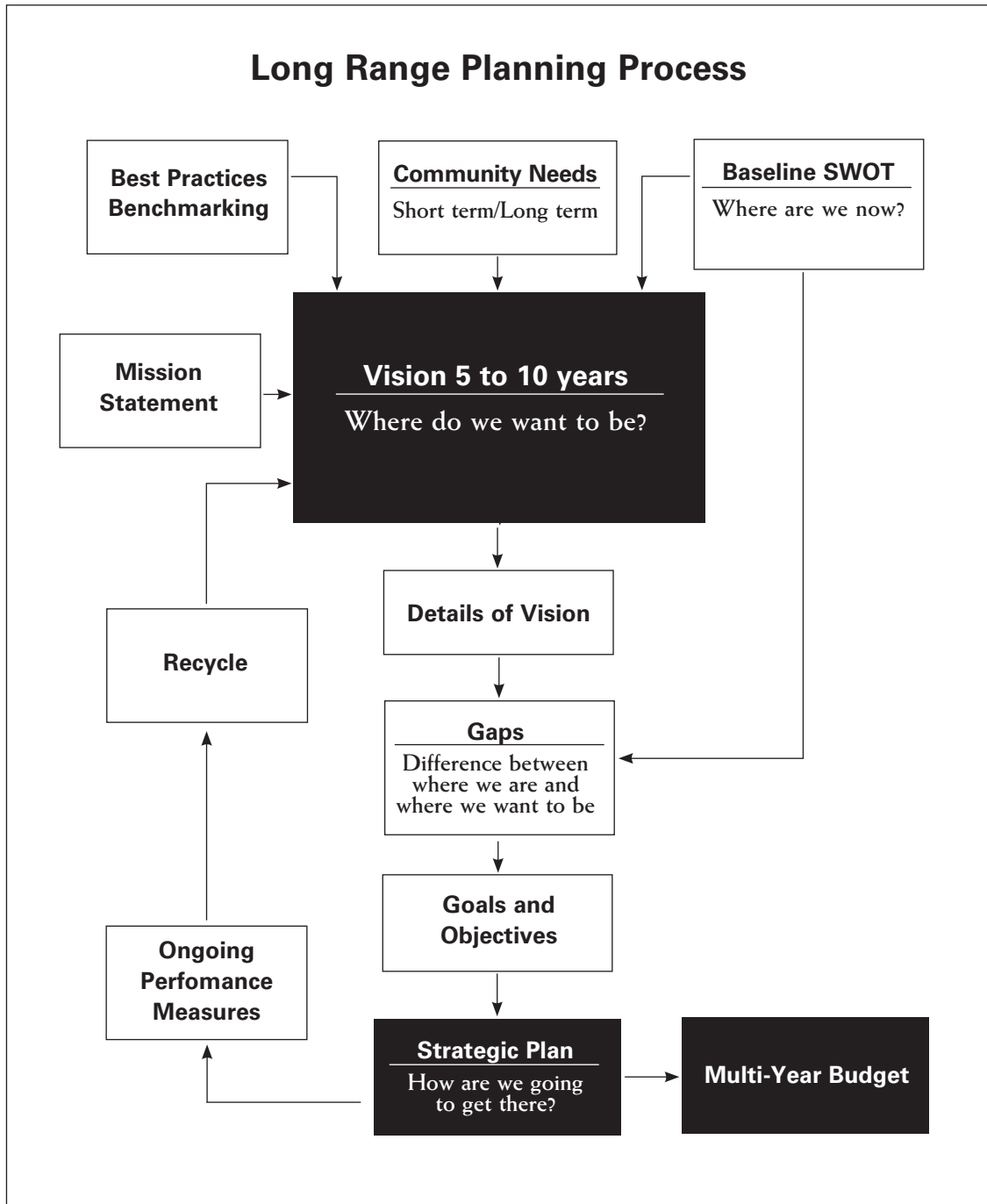
The plan includes detailed financial projections on a year-by-year basis to ensure that the plan is financially viable. The financial projections include: revenue, operating expenses, capital expenditures, cash flows, reserve balances, and staffing levels. The outcomes of *Vision 2020* were 27 specific recommended action steps covering areas such as demographics, association infrastructure, association amenities, management/ organization, communications, and finances. *Vision 2020* outcomes were summarized in a seven-page report and mailed to all property owners.

Vision 2020—The Process

The association first asked each department and committee to develop mission, vision, and strategy statements. The Long-Range Planning Committee (LRPC) then synthesized these statements and composed overall mission, vision, and strategy statements for the association. Each department was then given broad guidelines (forecasted demographics, underlying philosophy, etc.) and asked to develop year-by-year plans for the next 20 years. These plans included major operating programs, capital projects, some financial information, and major concerns. The LRPC then consolidated the individual plans, developed financial projections, compiled the final report, and mailed it to all property owners.

Nearly ten meetings were held with department heads, committee members, the board of directors, and resident property owners to review and gather input on the plan results. Non-residents provided input by e-mail and letters. Management and board tried to respond to all the input via an article in the local newspaper, which went to all property owners, as well as by letters. *Vision 2020* is a living document and will be updated every few years. Overall, the association feels *Vision 2020* has provided a lot of useful information, which will help the association make good decisions today that are consistent with the long-term needs of the village.

APPENDIX A

Long Range Planning Process

Best Practices Benchmarking	Community Needs Short term/Long term	Baseline SWOT Where are we now?

Mission Statement

Vision 5 to 10 years
Where do we want to be?

Recycle

Details of Vision

Gaps
Difference between where we are and where we want to be

Goals and Objectives

Ongoing Perfomance Measures

Strategic Plan
How are we going to get there?

Multi-Year Budget

Adapted from Cascades Community Association, Cascades, VA, 2001

Additional Resources

Books available from CAI

The Board President: Roles & Responsibilities in Community Associations, by Robert T. Dennistoun, 2005.

Boomer Shock: Preparing Communities for the Retirement Generation, by Ellen Hirsch de Haan, ESQ., 2004.

Building Community: Proven Strategies for Turning Homeowners into Neighbors, 2011.

Community Association Leadership: A Guide for Volunteers, 2010.

Copyright Free Articles: for Community Association Newsletters & Websites, 2009.

Decision Making in Communities: Why Groups of Smart People Sometimes Make Bad Decisions, by Jasmine Martirossian, 2001.

Meetings & Elections: How Community Associations Exercise Democracy, by P. Michael Nagle, ESQ., 2005.

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

Other Books of Interest

Applied Strategic Planning: How to Develop a Plan That Really Works, by Leonard Goodstein, Timothy Nolan and J. William Pfeiffer. McGraw-Hill Professional Publishing, 1993. ISBN: 0070240205.

The Board Member's Guide to Strategic Planning: A Practical Approach to Strengthening Nonprofit Organizations (Jossey-Bass Nonprofit and Public Management Series) by Fisher Howe. Jossey-Bass, 1997. ISBN: 0787908258.

Choosing the Future, The Power of Strategic Thinking, by Stuart Wells. Butterworth-Heinemann, 2006. ISBN: 0750698764.

Creating and Implementing Your Strategic Plan: A Workbook for Public and Nonprofit Organizations (Jossey-Bass Public Administration Series) by John M. Bryson, Farnum K. Alston. Jossey-Bass, 1995. ISBN: 0787901423.

High Impact Tools and Activities for Strategic Planning: Creative Techniques for Facilitating Your Organization's Planning Process by Rod Napier, Patrick Sanaghan, Clint Sidle. McGraw-Hill Professional Publishing, 1997. ISBN: 0079137261.

Strategic Planning: What Every Manager Must Know, by George Albert Steiner. Free Press, 1997. ISBN: 0684832453.

Best Practices Reports *(available at www.cairf.org)*:

Community Harmony & Spirit

Community Security

Energy Efficiency

Financial Operations

Governance

Green Communities

Reserve Studies/Management

Strategic Planning

Transition

About the 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 volunteer leaders, community managers and other professional service providers, legislators, regulators and the media. Our work is made possible by your tax-deductible contributions.

Your support is essential to our research. Visit www.cairf.org or e-mail foundation@caionline.org.

About Community Associations Institute (CAI)

Community Associations Institute (CAI) is an international membership organization dedicated to building better communities. With more than 32,000 members, CAI works in partnership with 60 chapters, including a chapter in South Africa, as well as with housing leaders in a number of other countries, including Australia, Canada, the United Arab Emirates and the United Kingdom. CAI provides information, education and resources to the homeowner volunteers who govern communities and the professionals who support them.

CAI members include association board members and other homeowner leaders, community managers, association management firms and other professionals who provide products and services to associations. 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 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, innovations and best practices in community association development, governance and management.

We believe homeowner and condominium 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. Our mission is to inspire professionalism, effective leadership and responsible citizenship—ideals reflected in associations that are preferred places to call home. Visit www.caionline.org or call (888) 224-4321.

FOUNDATION FOR
COMMUNITY ASSOCIATION
research

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www.cairf.org

DEVELOPING FUNCTION-SPECIFIC BEST PRACTICES in the community association industry has been a goal of Community Associations Institute and the Foundation for Community Association Research for several years. The Foundation has developed best practices in select topic areas using a variety of sources, including, but not limited to, recommendations from industry experts and various industry-related publications. The outcomes of the Best Practices project include:

- Documented criteria for function-specific best practices.
- Case studies of community associations that have demonstrated success in specific areas.
- A showcase on community excellence.

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best practices

Transition

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research

best practices

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research**

Use Permission

best practices

Community Associations Institute (CAI) and the Foundation for Community Association Research are dedicated to conducting research and acting as a clearinghouse for information on innovations and best practices in community association creation and management.

What are Best Practices?

The Foundation for Community Association Research is proud to offer function-specific Best Practices Reports in the community association industry. The Foundation has developed best practices in select topic areas using a variety of sources, including, but not limited to, recommendations from industry experts and various industry-related publications. The outcomes of the Best Practices project include:

- documented criteria for function-specific best practices;
- case studies of community associations that have demonstrated success; and
- the development of a showcase on community excellence.

The benefits of benchmarking and developing best practices include: improving quality; setting high performance targets; helping to overcome the disbelief that stretched goals are possible; strengthening cost positions; developing innovative approaches to operating and managing practices; accelerating culture change by making an organization look outward rather than focusing inward; and bringing accountability to the organization because it is an ongoing process for measuring performance and ensuring improvement relative to the leaders in the field.

The Foundation's entire catalog Best Practices Reports is available at www.cairf.org as a free download and for sale in CAI's bookstore.

best practices

REPORT #7

Transition

Developed in partnership by
 Community Associations Institute
 National Association of Home Builders
 Foundation for Community Association Research

Table of Contents

Introduction

Since the early 1970s, community associations—condominium associations, cooperatives, and homeowner associations—in the United States have experienced exponential growth. It is anticipated that this growth will continue for the foreseeable future for generally the same reasons as in the past—that is a combination of regulatory pressures as well as the need for a housing alternative that offers not only a wide range of pricing options but also an array of services and activities not generally available with a single-family home purchase. To put this growth in perspective, while it is estimated that 13 percent of the residential housing in the United States is in some form of community association, 80 percent of all homes currently being built are in associations. This 13 percent represents 249,000 associations and nearly 20 million individual units nationwide. Assuming that each unit houses only two residents, this would mean nearly 40 million residents. Realistically, this number is closer to 50 million as the average household contains more than two residents.

When making a major purchase such as a home in a community association, one of the key concerns of all involved has to do with the expectations associated with what will be received. Whether the expectations are presented as part of the governing documents, as part of the promotional literature used to sell the units, or by the builder's representative on the original board of directors, if the actual purchase does not match the expectations created, disappointment and disillusionment may occur. This can translate into all parties spending a great deal of money and energy to resolve both perceived and real problems. For this reason, thought must be given to the design and development of any community association so that expectations are both realistic and realized.

As with any industry experiencing such rapid growth, associations must resolve their growing pains in order to continue their expansion. In the October 2002 edition of *Builder Magazine,* published by the National Association of Home Builders (NAHB), Gary Garczynski, president of NAHB at the time, writes, "Builders nation-wide are finding that costs for general liability insurance are soaring," and that "the primary cause of the problem is simple: construction defect litigation…" He uses California as an example of the results of this litigation when he states that "since 1994, litigation has discouraged the construction of townhouses, apartments and condominiums. Multi-family for-sale starts dropped from 18,681 in 1994 to just 2,945 in 1999, an 85 percent decline."

Similarly, in the January/February 2003 issue of *Guidelines For Improving Practice,* which is published by Schinnerer, the main provider of liability insurance for design professionals, the lead article is titled "Multi-Family Housing Claims Wreak Havoc." This article indicates that for design professionals, "Multi-family housing is the biggest loser (when it comes to evaluating risk). This project type represents the highest risk of claims compared to billings, with an astounding claims to billings ratio of four to one."

In the *Builder Magazine* article, Garczynski recognizes that some of the defect complaints are legitimate, and he indicates that builders are beginning to take a number of

proactive steps, "including improving quality control, providing better customer service, and providing homeowners with manuals that give tips on dispute resolution." He also discusses how NAHB is working on model rules for homeowners and homeowner associations that incorporate a "notice of right to cure" process, in which builders are notified 90 days before the filing of a lawsuit.

While this issue is plaguing the designers and builders of community associations, it is also affecting the homeowners moving into these communities as well as the professionals who represent them by creating an adversarial situation. The relationship between the parties involved is formulated well before the first owner moves into one of these communities, during the design phase for the physical improvements and the governing documents. It continues during the construction phase and into the sales period, and then continues as the owners begin to take control of the association and the reality of what they have purchased begins to take shape.

It is important to note the existence of feasibility issues based on the size considerations of the specific community under transition. Please consider the recommendations within this report as just that. For more information on transition issues, see *Developer Transition*, 4th Edition.

In recognizing the negative impact that these problems are having throughout the industry, Community Associations Institute (CAI), which represents both community associations and their associated service providers across the country, and the National Association of Home Builders, which represents builders and their associated service providers, have joined together to address these problems in the best interests of all involved. To do this, CAI's Research Foundation, CAI, and NAHB have prepared this Best Practices report on the transition process from the initial inception of the project through turnover to the owners.

The purpose of this report is to provide builders and associations with guidelines they can use to develop and turn over a community association project in such a way that transition becomes much easier and less confrontational. The ultimate goal of transition is for the unit owners to take over and move forward with a good reputation, with no litigation, and word-of-mouth sales.

What Is Transition?

Transition is a term that has evolved in recent years to describe the general process by which the control and responsibilities of the governing board of a community association are transferred from the developer to the persons who bought homes in the community association. Although it includes the assumption of the obligation to maintain the physical assets for which the association is responsible and is often viewed only in that narrow context, the transition process is much broader in scope. It includes the transfer of governance, the acceptance of the common property, and the accounting for funds. Transition is not a single event, such as the election of an owner-controlled governing board or the execution of a settlement agreement regarding construction defects in the common property. It is a multi-stage process of many events taking place over a period of time.

From a philosophical standpoint, transition begins many times as each new owner moves into a community association. At that point, he subjects himself by virtue of his ownership of his home to governance by the association that the developer has established for the operation and administration of the community and to the provisions of the governing documents of each such association—including the bylaws, restrictive covenants, and rules and regulations. Except for uncompleted or warranty work related to his unit, the owner must now look to the association rather than to the developer for guidance and assistance in dealing with common property and other community problems. However, the line between developer and association responsibilities is not always a clear one, especially when it comes to physical defects. More often than not, neither the developer nor the owner has an accurate or similar perception of the respective roles of the developer and the association.

Conception

Design

Approvals

Construction

Occupancy

Sales

Documents

Budget

DEVELOPER IN CONTROL OF COMMUNITY ASSOCIATION　　　**TRANSITION PROCESS**　　**ASSOCIATION CONTROL**
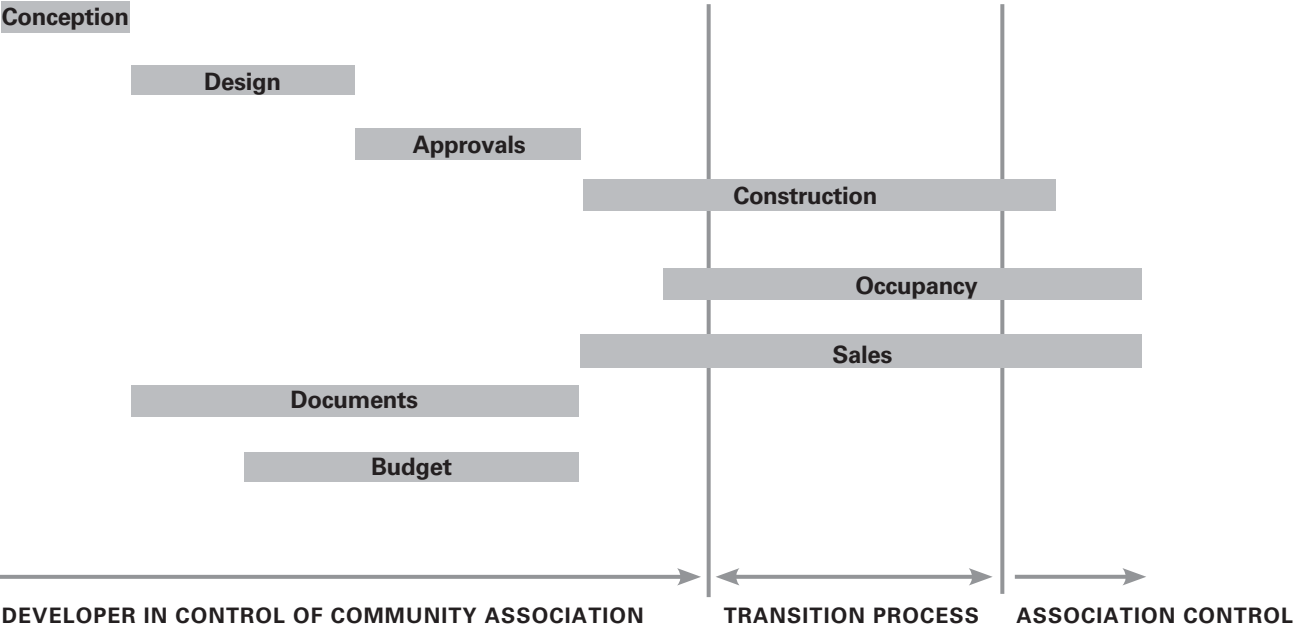
Case Studies of Transition from Developer Control

The first opportunity that owners will have to become involved in their community association is during the process in which the association transitions from developer control. The following four case studies are examples of the process by which one developer and three community associations successfully transitioned to homeowner control.

case study #1

A Model for Developers

IDI Group Companies is a well-known developer in the Washington, D.C., metro area that has developed more than 12,000 primarily luxury, high-rise condominium units. IDI Group Companies continually demonstrate best practices for developers, such as the right way to bring on a new community association, the right way to negotiate warranty claims, and the right way to have people feel they are immediately a part of the community. Below is the basic model used by IDI Group Companies to transfer control from the developer to the association.

Shortly after 25 percent of new owners in a building settle, a resident orientation is held, and owners are encouraged to participate in the committee structure. The committees usually start out with terms of reference and other pertinent information found in a notebook given out to help them become familiar with the community association's structure. Generally, IDI establishes five committees in the beginning—Activities, Budget & Finance, Building & Grounds, and Communications & Rules, as well as a Covenants Committee, which IDI oversees until the owners understand how the due process works.

When the settlements are nearing 35 to 45 percent of the building, the developer holds an election to place at least two owners on the board. Based on experience, those who are elected are the owners who have been active in the committees, most often chairs. This also prepares owners to accept responsibility for the building's management sooner than required by law.

The developer establishes an Ad-Hoc Engineering Warranty Committee made up of owners who have some engineering or related background to assist in selecting an independent engineering firm to evaluate the building for warranty purposes. Owners are given sample specs as well as the names of firms that are qualified to do this work. Once the engineer provides a report, it is sent to the developer for comment. The developer then meets with the committee, reviews what he is prepared to do, and negotiates with the committee and usually the board. This has worked very well over the past 25 years. There has never been a lawsuit or argument about the developer not acting fairly.

The owners have been genuinely happy, and the only attorney's fees involved have been for the attorney who reviews the engineering report and final settlement papers. Generally, a reserve study is performed at the same time as the engineering study, so the owners are satisfied that the developer provided enough funds to leave the association in good standing.

By the time it is legally required to place owners on the board (50 or 75 percent of settlements), many of the owners have already been trained and educated on matters of budget, building structure, and so forth. On the night of the election of the full owner board, the developer attends to welcome the new board and compliment them on their progress. The first committee that starts work is the Activities/Welcoming Committee. This group plans "Get to Know Your Neighbor" parties and tries to get residents involved in a social way that makes them feel a part of the community. Residents of the Washington, D.C., area may have noticed several recent articles in the real estate section of *The Washington Post* that identified what people liked and disliked about their community. The positive comments focused on how people immediately welcomed them and asked them to join the activities. The negative comments consisted of people saying how their neighbors watched them move in but never came over to offer a handshake or a hello. Proper welcoming of all owners is a best practice that will set the tone from the very beginning. Five IDI-developed properties have won a National Community Association of the Year Award: The Rotonda, Porto Vecchio, Montebello, Belvedere, and Park Fairfax. The lesson to be learned—if the structure is set up correctly in the beginning and properly maintained, it will last a lifetime.

case study #2

Ford's Colony at Williamsburg

Size:	2,700 single-family homes, 80 townhomes; zoned for 3,250 units
Location:	James City County, Virginia
Board Size:	Five

Realtec Incorporated is the developer of this golf-resort residential property. Ford's Colony is a 1999 National Community Association of the Year Award winner and a founding member of CAI's Community Association Hall of Fame.

The community's governing documents required transition to an elected board of directors when 75 percent of the 3,250 residential units were sold. Sales started in 1985, and by 1990, over a thousand units had been sold. With a developer-appointed board, communication with the homeowners was a top priority. Realtec established an advisory board of elected homeowners in 1990 to communicate concerns and issues from the homeowners to the developer as well as the developer's responses and plans to the homeowners. This group also would begin the training and education necessary for elected homeowners to serve as the governing body of the association. The advisory board organized into committees representing the primary functions of the association: maintenance, security, finance, and recreation. In 1991, the developer appointed the elected chairman of the advisory board to the association's board. Every few years, the

developer appointed an additional elected homeowner to the board, so that by 1999, the elected homeowners occupied four of the five board positions. The developer's representative continued to serve as chairman throughout this transition process, and the developer continued to maintain a right of veto as provided in the governing documents.

In 1996, the association board appointed a Strategic Planning Committee (SPC) to focus on the issues and due diligence of transition. Consisting of two developer representatives and four homeowner representatives, the SPC forecasted future sales and agreed to set transition for the year 2000. The SPC coordinated owner surveys, focus groups, a legal review of governing documents, a reserve study and inspection of assets, and a complete cataloging of the location and contact for as-built plans and important documents. The committee also created and published a plan for transition and updated it twice for the homeowners. Each action item included a responsible name and due date.

Transition occurred in the year 2000 without incident and at full value to the developer. Bylaws had been amended to establish staggered terms for the elected board, which chartered new committees to replace the functions of the advisory board's committees. The association supports each board member and committee chair as an individual member of CAI and also maintains its own membership as a large-scale community association.

case study #3

Tapatio II

Size: 73 condominiums

Location: Henderson, Nevada

Board Size: Three

In 2000, there was a smooth transition from the developer, with items of concern being addressed to the board's satisfaction. Most board members are CAI members who attend CAI's seminars for educational purposes. The board of directors meets bimonthly, with homeowners in attendance given the opportunity to speak.

The board is fair, taking all facts into consideration before making a decision. The board has high visibility, is easily accessible, and works hard to make sure the rules are followed while taking into consideration the particular situations of the residents. There is good communication among the board, the owners, and the manager. The manager follows the board's directions, monitors violations, and attends all meetings. Annual homeowner meetings are held in compliance with Nevada's Common Interest Community statute, as are voting procedures, and the community has never had a problem achieving quorum. Annual meetings run smoothly due to strong organization and a president who keeps to the agenda. Tapatio II has also revised its CC&Rs to comply with Nevada's Common Interest Community statute, so they are very user friendly. Rules and regulations are flexible and considerate of individual situations, and are reviewed annually with membership input. Because of this, there are few violations.

Tapatio II has several social events throughout the year, including potlucks, poolside get-togethers, and a Christmas decoration contest. A newsletter is produced by the secretary of the association and is published bimonthly. Residents tend to get involved because Tapatio II is a small community and everyone knows their neighbors. Most of the residents feel connected. There is community spirit and a desire to continue to make the community a good place to live.

case study #4

Green Valley Ranch Community Association

Size:	Master association of 3,907 apartments, townhomes, and single-family homes. There are 32 sub-associations, of which 16 are gated communities.
Location:	Henderson, Nevada
Board Size:	Seven

Now under owner control, Green Valley Ranch Community Association has a board of directors that meets monthly, with approximately 20 to 30 members attending. Members are given an hour in which to speak before the board's discussions. Elections for the annual homeowner meetings are by proxy and secret ballot. Annual meetings run smoothly because of thorough planning and good communication. Members of the board receive training, including updates on new laws and the community. A monthly delegate meeting is held to help facilitate communications between the board and homeowners. In addition, the board has adopted committee charters, with a board member meeting with each committee to provide help and direction. The Legal Committee meets on a monthly basis with the developer and its general counsel to discuss transition issues and to ensure communication between the developer and the association.

The board of directors realized that building a real community was a key priority in helping to weather the transition from the developer, which was underway in 2000. As a result, governance in this community is particularly efficient and valued by homeowners because of constant communication via the Web site, newsletter, special notices, and social events. The newsletter is mailed to all residents every other month and has gone from four to 12 pages. Well-informed as they are, residents volunteer readily for the board and committees because they are dedicated to improving property values and building a sense of community.

Social events for residents helped resolve issues related to the transition. These social events included a summer open house at which owners could have their questions answered by individuals or committees. Tables with information about the committees were set-up. The Henderson Police Department, association management company, and landscape contractor also had tables. T-shirts with the Green Valley Ranch logo were displayed and sold at-cost to residents. A fall hoedown was held in a park within the community and involved local merchants and residents who own businesses in the community. There have been other events as well, including special socials for children. All of the events have been extremely well attended.

President's breakfasts are held quarterly bring together Henderson officials, board members, the developer's representatives, and delegates and presidents of the sub-associations to resolve issues facing the community. The board created a Political Action/City Liaison Committee to work with Henderson on issues facing the community. This has been so successful that the city is involving the board in several other areas where community input is needed.

SECTION FOUR
The Development Process

Prior to the creation of a community association, the developer (who may or may not be the builder) begins the development process. Once a tract of land has been identified, the developer must garner control of it. Typically, a developer will enter into a contract to purchase the land, subject to certain conditions. Once the ground is under control of the developer, the developer's due diligence begins.

Initially, the developer focuses its due diligence attention on broader feasibility issues. A market analysis is undertaken, which centers on zoning ordinances, comparable unit sales, income levels of potential customers, and the quality of the local school district. Concurrent with the market analysis, the developer also performs a fiscal analysis, which estimates a project yield, raw construction costs, the time frame for approvals, and the project's potential profitability. The fiscal analysis will continue throughout the life of the project—its fluidity being affected by changing markets, items learned during due diligence, and conditions attached during the approval process.

While the market and fiscal analyses are progressing, the developer orders a title search and title commitment, confirming the chain of title and any recorded encumbrances and restrictions of record on the tract of land. A phase one environmental assessment is conducted, the results of which may trigger additional environmental studies of the ground. Existing approvals, if any, together with out-bound surveys, topological surveys, soil maps, soil borings, and the availability of utilities are also reviewed. The developer's engineers and professionals study wetlands, flood planes, and any other potential environmental constraints as each may affect the projects overall yield. As noted, such items must be incorporated into the ongoing fiscal analysis of the project.

Throughout due diligence, rough sketch plans are prepared. Frequently, a developer will share sketch plans with local officials to solicit their input before more costly hard engineering plans are prepared. Once the developer decides to proceed with the project, more detailed engineering plans are finalized. It is at this point that the developer begins to consider the rights, powers, and duties of a community association. For larger projects, clubhouses and other amenities need to be designed and located on the plans. These clubhouses and amenities very often will be owned and maintained by the community association. In addition, traffic (both vehicular and pedestrian) and parking considerations need to be taken into account. Detailed engineering plans, which must comply with myriad requirements of the reviewing governmental agency, are then submitted to the agency, together with any application fee and professional escrow fees. Often, the plans are considered at public meetings, with the developer satisfying certain notice requirements before the meeting.

While local approvals are pending, the developer and its engineer continue to pursue

the remaining regional, state, and federal permits and approvals, some of which may be affected by changes made to the plans at the local level. It is during the approval process that additional burdens may be placed on the association. Municipalities, concerned that certain developer promises may be lost once the project is built-out, may require the developer to commit the association to certain obligations such as site maintenance. Developers, anxious to get approvals, routinely agree to such conditions.

The Challenges

Construction

Construction is the phase of development on which the board of directors generally focuses as they take control of the association. This is the time when the quality of the workmanship and the adherence to plans and specifications can minimize the potential for construction defects to become an issue. Historically, this has also been the point that conflicts with the intent of a builder to obtain the highest profit such that the oversight of the construction may be ignored or minimized, since this may only slow down construction and will cost additional funds. Over the past few years, the high cost of returning to correct deficiencies identified as part of an association's engineering evaluations has caused many builders to rethink this period and, in some cases, has prompted them to engage third-party inspections during construction to assure general conformance to the plans and specifications as well as acceptable workmanship. Builders have also engaged third-party consultants to review the final plans and specifications prior to construction in order to identify areas of high risk confirm general conformance of the plans and specifications with the descriptions contained within the governing documents and promotional literature. This risk management type of analysis generally has been felt to be beneficial in reducing the need for call backs as well as the time of the transition process, which in some cases can extend for a number of years.

Governance

A primary component of the transition process is the assumption of responsibility for the governance of the association through control of the board, which is responsible for the operation and administration of the community association and the maintenance of the common property. Preferably, this should be a gradual process that allows the owner board members the opportunity to receive proper training and to gain experience. Also, a progressive transfer of control helps protect the developer from unfriendly and financially harmful actions by the owner members of the board while the developer still retains a substantial economic interest in the project. In some states, legislative or regulatory mandates require that turnover of control of the governing board from the developer to the owners occur over the course of development. Commonly, the statu-

tory guidelines require the election of a minimum number of owner board members at various stages of sales based on the number of projected closings that have actually occurred, beginning at 25 percent and continuing to 75 percent. At this point, the owners usually elect the entire board with the exception of one developer representative who can remain until the completion of sales for the project.

Preparation of the Documents

There is no exact triggering mechanism in the development process for the preparation of community association documents. Typical documentation includes the articles of incorporation, the declaration of covenants, conditions, and restrictions, and the bylaws. As a general rule, each document should be prepared as early as possible, once the details of the project begin to crystallize. More recently, local governments have sought to review the documents as part of the approval process. While in theory such a review should result in a better-conceived association, in practice it yields few positive results due to the voluminous nature and complexity of the association documentation as well as the frequent inexperience of the reviewers to the subtleties of association practice. Accordingly, developers seek to delay submission of the documents to the local reviewer until late in the process. In that way, the local reviewer can confirm that any final conditions of approval are met but need not get bogged down in the nuances of the association documents at an early stage.

Once a set of plans, the draft declaration, and bylaws are prepared, the initial community association budget needs to be established. A professional management company should review plans and documents before they're finalized, and can also prepare draft budgets. For larger projects, plans and documents should also be forwarded to a Reserve Specialist, who can create an initial capital reserve study. This projected reserve analysis will then become a component of the budget.

Throughout the construction and conveyance process, the developer typically controls the decisions of the association. Once again, it is critical that the developer manage the expectations of the homeowners through this process. Expectations can be managed through meet-and-greet sessions, welcome packages, periodic association meetings, association newsletters, and Web forums. It is vital that the developer and the management company differentiate between association issues and homeowner issues. Moreover, during the entire development process, developers need to remain cognizant of potential issues and to try to alleviate those issues in advance of transition. By addressing potential issues, developers can help create community and avoid confrontation when the association is controlled by homeowners. A developer can also create community by soliciting homeowner involvement early in the development process. While the developer must maintain control of the decision-making process, goodwill is garnered by soliciting homeowner input on key decisions of the association. Often, it is helpful for the developer-controlled association to set up homeowner committees to advise the developer as to the wants and needs of the community. Such committees can provide a valuable source of information as well as an opportunity to cultivate potential homeowner board members.

Recently, a trend has developed that may prove to be the best way of managing both the developer's and the homeowners' expectations. Certain developers have created an acceptance procedure manual and maintenance manual not only for homeowners but also for the association and its management company, so that everyone understands the transition process. For example, while there is a common misconception that the association has the right to accept or reject common facilities, it is nonetheless a good idea for the developer to proactively solicit homeowner approval of amenities before the transition. It is also a best practice for developers to turn over as early as possible the amenities and open space areas to be owned by the association. Once again, to the extent that the association can manage itself as it will after the developer has left the community, those expectations will carry over during the transition process.

Governance of community associations begins with the preparation of the governing documents by legal counsel on behalf of a developer. The association is created by recording promises and restrictions in instruments typically called trust deeds, declarations, CC&Rs (declaration), or governing documents. Some form of organization is then created to govern the community. The association is managed and operated through its governing body, which is typically known as the board of directors. The developer appoints the board for some stated period of time when the association is first created. Then, over time, non-developer owners elect members of the board.

The developer undertakes the creation of an association in a litigious society where state statutes and case law establish the standards to which the developer and its representatives will be held. The governance structure and the manner in which the community association goes through transition and turnover offer developers an opportunity to manage some of these risks. The governance structure must be flexible enough for the developer yet specifically establish the rights and responsibilities of the association, the owners, and the residents. The governance structure must be thoughtful and specific to each association. As the process of transition begins and ends with the governance structure, this report provides suggestions that will serve all stakeholders regardless of any conflicts among their interests.

An attorney's diligent representation of his or her developer-client does not preclude creating *thoughtful, user-friendly documents specific to the community association.* Below are guidelines that the developer and its legal counsel should follow in order to enhance the association's governance during transition and after turnover.

1. Draft governing documents that focus on the developer's right and ability to control the development of the project and sale of the units rather than its right and ability to control the board. Developers should focus on architecture, design, development, and sales, not on control of the board. If design review is included in the community's regime, the declaration should provide that the developer controls both the adoption of design guidelines and design review and approval until the last lot is sold or the last improvement is installed. In every declaration, the developer should reserve the right to control all design and development of improvements within the community association until the project is completed.

2. Create governing documents that enable rather than impede the business and financial management of the association. No provision should be considered boiler-

plate; even the most standard provisions should be drafted to meet the needs of the particular community association and to aid in a successful transition. For example, when drafting bylaws, the number of board members, length of terms, term limits, and election procedures should be considered in light of transition and post-turnover association operations.

3. Create a governance structure that encourages involvement by owners and other residents. Governing documents should provide procedures for securing owner involvement. From the outset, owners should have a say in covenant and rules enforcement, collections policies, insurance-adjustment policies, and issues concerning management and maintenance. The many tasks best performed by owners eliminate unnecessary work for the developer, identify and develop leadership, and give owners a sense of community and involvement in the governing process.

4. Create a transition team within the governing documents. A transition team of owners assures other owners that the directors appointed by the developer have managed the affairs of the community properly. Permitting owners to elect their own representatives on the transition team is always prudent. Meetings with the transition team offer developers the opportunity to inform owner representatives as to the physical plant maintenance, schedule for turnover of responsibility, budget process, contractual obligations, and the association's record-keeping policies. The possibility for leadership development is enormous in this process.

5. Include alternative dispute resolution in the governing documents. Consider identifying and submitting potential claims to this resolution process as the control of the board transitions to the non-developer owners.

6. Establish reasonable schedules for turnover (or honor state laws, as the case may be). Many states have laws that proscribe the transition process and mandate turnover from developer to owner control based on a series of events and meetings. The governing documents should provide for a transition process that honors state law and, in the absence of statutory mandates, honors guidelines established by governmental and quasi-governmental agencies involved in financing units within community associations. The governing documents should also establish reasonable schedules for turnover through a phased and increased presence of owners on the board. The governing documents should provide for a transition process that establishes:

(i)   when and how elections of owners to the board occur;

(ii) who is entitled to vote and (in states where permitted) whether class voting is allowed;

(iii) how and in what manner developer-appointed board members are removed or resign;

(iv) the continued right of the developer to control the development of the community association until completion; and

(v)   what documents, financial audits or reports, and other information is to be delivered to the owner-elected board.

Guidelines for Governance

Thoughtful document drafting will create a governance structure within which transition is viewed as successful by all stakeholders—if all those stakeholders take responsibility for their roles in the process. Though there are differences from community to community and state to state, transition is most successful in associations where the following practices occur.

1. Educate owners as to what a community association is and isn't. As construction in a new community begins, the developer board should apply for membership in CAI on behalf of the association. The developer should both provide written information (consider creating a Web site for the community association) and hold regularly scheduled sessions to introduce new owners to the concept of common-interest community living. At closings or in any new member packets, developers should provide a list of how owners might get involved in the community. With the population diversity in the United States, there will be language, education, and cultural barriers to the concept of self-government and to the obligations placed on the residents of these communities.

2. Educate board members. Incorporate board training from the outset first by educating developer-appointed board members as to the duties owed to both the association and owners, and then by educating owner-elected board members as to their duties and responsibilities. Knowledgeable board members who understand the duty owed to the association and the owners are more likely to exercise reasonably prudent business judgment, hold and document meetings, and generally act in a manner that will reflect well on the developer and serve the association's best interests. Additionally, local and state governments have become involved in leadership training, and there are weekly and monthly television programs throughout the country. Many local libraries contain a series of video programs and publications on community association subjects. Consider adopting a Code of Conduct for all board members.

3. Recognize the duties owed to the association and owners, and establish policies that enable the board to carry out these duties. By statutes in many states, developer representatives serving on association boards owe a fiduciary to the owners. Additionally, courts have held that the developer owes a fiduciary duty to the association to properly manage the project from the beginning. Thus, developers may be held liable for breach of fiduciary duties concerning defects in both the physical construction of a project and the association's business operations. Developers should adopt policies that instruct their board representatives in the parameters of these duties and how to avoid breaching them.

4. All board members must act in a fiscally responsible manner. Whether or not proscribed by state law, developers should secure a reserve study by a qualified professional and thereafter establish a plan for funding the necessary reserves. Note that the manner in which reserves are funded may be dictated by state law. However, the developer is well-advised to design a plan based on the particulars of the community—there is no single plan that works for all communities. In states where required, incorporate

provisions for reserves in the governing documents. Similarly, both developer-appointed board members and owner-elected board members must adopt budgets based on reality. The developer must transition a community that is financially stable by establishing adequate assessments and aggressive collections policies.

5. **Engage professional management.** On behalf of the association, retain professional community association management. Be careful to ensure that the terms of the management engagement are standard and that fees paid are typical in the industry. As the community's historian, the manager should ensure that all the appropriate records are kept, so that at turnover all information is passed along to the association.

6. **Hire independent legal counsel to represent the association.** On behalf of the association, secure and include in the association's annual budget independent legal counsel to represent the association through transition. In most states it is a violation of the regulations under which an attorney practices law to represent both the association and the developer.

7. **Support the homeowner board through the completion of the community.** The developer and all participating builders have a responsibility to support the owner-elected board. A joint approach to the completion of the community will provide the developer with positive feedback and possible referrals as other new developments are created.

8. **Maintain a relationship among the association, the developer, and the owners after turnover.** Developers who foster strong resident member identity with the governance of the community find the long-term relationship proceeds smoothly. Plus, a successful transition is a terrific risk-management tool.

Communications

Effective communications is probably the most important element in the success of any community association. Especially during the developer control period, a successful communications system can forestall the development of cliques and factions, enable the association to provide services that owners want, and help owners develop a sense of trust in the developer, reducing or eliminating the acrimony that often follows the transition to owner control.

An effective communications program is composed of several components, each of which is an essential part of the program:

- **Homeowners** often feel that there is safety in numbers, and consequently only speak up in a crowd—such as at annual meetings when, for the first time, the developer and the manager find out about a leaking roof or an unreturned call from management five months ago. To avoid the angst caused by disgruntled owners, start communicating with them even before they move in by leaving information about the roles and responsibilities of the community association in the sales office. Invite them to a new owner-orientation meeting. Encourage them to participate in a welcome committee to personally greet their new neighbors and introduce them to the workings of their

association. Urge the creation and support of a newsletter committee to inform the owners about what's happening in their community. Help them activate a social committee to begin the process of creating a unique community culture.

- **Realtor/on-site sales force** often provide the first impression of the community to a prospective owner, so they certainly need to get their facts right. The sales material should contain all information required by law as well as material that addresses the sense of community that forms the basis for the association. Holding quarterly open houses for real-estate agents at which the community manager discusses specific aspects of the association's obligations to the owners can focus them on the need to apprise the owner of both his and the association's responsibilities to each other. Real-estate agents must clearly explain the association's existence and purpose to prospective buyers to prevent disillusionment and recalcitrance after the new owner realizes there are limitations on the color he can paint his home or the number of vehicles he can park on the private street. It's better to learn beforehand of the restrictions established by the governing documents, even if it means that the prospect decides to purchase a home in a less-restrictive community.

- **Managers,** as the professional community association experts, are expected to educate and guide the developer and owners through the maze of governmental, regulatory, and internal laws and rules. It's not a one-time effort, but rather a continuing program to remind existing owners of and introduce new owners to their community culture. First-time deed-restriction violation? A phone call goes a long way to establishing a warm, personal attitude toward the residents, much more so than a form letter that, no matter how much thought went into its language, will offend the recipient. The manager's allegiance is to the association, and one of the indications of a truly talented manager is the ability to speak frankly to both parties about their obligations to each other.

- **Developers** have tremendous power that will directly affect the current and future operations of their communities. They can ensure that the documents are crafted to create a responsive, successful association. Here are a few tips:
  - Make sure the sales force clearly explains the maintenance and administrative responsibilities of the owner and the association.
  - Offer bonuses to both in-house and area real-estate agents for owners who understand their community. Don't emphasize sales for the sake of sales; rather, focus on the community culture and ensure that each prospect reads and understands all the legal documents affecting his or her actions and behavior within the community.
  - At least monthly, send a communication to all the owners, if only a postcard letting them know how sales are going. If funds are low or someone is concerned about maintenance personnel or quality of work on common elements, respond immediately or refer the owner to the manager and request immediate follow-up.
  - Implement group closings, an owner-orientation program, or a welcome committee—all of which are designed to educate and involve owners.

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- If an owner reports a construction-related problem with his or her home, fix it immediately and cheerfully.

- Create a homeowner advisory committee so that owners feel they have a real voice with the developer. This committee can relay comments and questions from owners to the board, and relay information from the developer back to the owners. While they may have no legal authority or power, the members of the Advisory Committee can significantly influence the mood of the community toward the developer after transition. Keeping them informed about both the good and the bad news establishes trust with the committee members and consequently with the other residents. The Advisory Committee can also be an incubator for future board members who understand the developer's efforts to turn over to them a community association already established as financially sound and responsive to its members.

- Hold quarterly town-hall meetings to flush out issues that can grow into marketing nightmares.

- Create a Web site to provide constantly updated information about sales and community activities.

- Encourage homeowner involvement in committees to groom potential homeowner board members as well as demonstrate a willingness for collaboration.

- **Attorneys,** more than any other professionals, can single-handedly determine the success or failure of a community association. Rather than using decades-old language for the governing documents, take advantage of enlightened wording shared by many community association law practitioners. Provide the framework within which homeowners can construct an association that reflects their preferences. Don't create documents that are so rigid and intractable that they are too difficult to amend to reflect changing times and environments. Rather, craft documents that are customized for each community, so there are no references to an elevator in a garden-style condominium, greenbelts in a high-rise, or Dumpsters in a single-family subdivision.

The word "communication" has the same root as community for a reason. A community association is dependent on frequent, frank, open communication between everyone involved in its creation and existence in order to thrive and provide the quality of life expected by its members. The developer's goal should be to create a community of residents who are proud of their homes and their neighborhood and who view the developer as part of the team committed to the operational success of their association. Such attitudes foster amicable transitions and fewer lawsuits, reducing or eliminating the additional expense and time that transition litigation consumes.

Maintenance of Common Property by the Association

The assumption of responsibility by the association for the maintenance of the physical assets is another key element of transition. Normally, it does not take place until after owners have assumed control of the governing board, but this should not necessarily be

the case, especially in larger projects where the common property can deteriorate for a variety of reasons, including use, improper maintenance, and the effect of the natural elements. Therefore, the actual responsibility for maintenance of the physical property can and should be assumed by the association during the period of developer control to minimize future problems between the developer and owners as to who is responsible for repairs and replacements. It is important to recognize that in many common-interest developments, the association may be charged with the duty to maintain individual as well as common property and that a similar approach should be taken.

Financial Control

A financial accounting and transfer of financial records is another element of the transition process. Usually this occurs when the owners assume majority control of the board. However, consideration should be given to permitting an owner board member to serve as treasurer before the transfer of control in order to minimize the concerns of the owners and to encourage better discipline in keeping the association's books. If there have been proper financial records kept during the period of developer control with annual audits and a clear segregation of association funds and employees from developer funds and employees, financial transition should not present a problem. Often, however, serious problems will arise when a developer does not establish and maintain separate books and accounting records from the time that the association is activated, which usually occurs at the time of the first unit closing. Utilization of association employees for developer work such as warranty service, preparation of units for closing, or model area maintenance can also be a trouble source.

Budgets

The preparation of an initial budget is a developer's first look into the potential revenues and expenses of the association. In managing homeowners' expectations, the developer and the management company preparing the budget should emphasize that the budget is based on proposed plans and developer estimates, and is always subject to change. Moreover, while developers typically have done an analysis of comparable projects and have a desired assessment figure, the budget preparer should not be constrained by that figure. If the budget is prepared early in the development process, then there should be ample time to reconsider and possibly eliminate certain amenities or obligations of the association in the event that the budget assessment amount is perceived to be too high by the developer.

Budgets, which are manipulated to meet desired assessment levels, threaten the successful transition of the association. More than any other disclosure of the developer, the disclosed assessment amount is frequently the most remembered. Homeowners may not remember when a transition election is scheduled to occur, but they will invariably remember the exact amount of the assessment obligation as quoted by the developer's salesperson. Certainly the amount of assessment creates an expectation as to the qual-

ity of service to be provided by the association. When this expectation is not met due to changes in the plans or market conditions, the association transition is usually more adversarial.

Throughout the developer-control period, the developer should manage expectations. Budgets should be revisited and updated annually. With each new budget, an explanation as to why it may differ from the original should be provided, and input should be solicited from homeowners as to the level of services provided. Moreover, in communities where the developer initially subsidized the project, the amount of the subsidy should be accounted for and should also be explained to the homeowners with clear detail as to when that subsidy will end. Similarly, the developer should periodically update reserve studies during the developer-control period, in order to minimize any gap in reserves once transition occurs.

Litigation

Developers can be exposed to liability, either to a community association or to individual homes, under a variety of legal theories. The theories of liability range from breach of contract to fraud. In some instances, developers may face liability for violating state or federal statutes. Undoubtedly, the three areas of a developer's activities that create the greatest potential for liability are construction, marketing, and sales.

Liability to Purchasers for Home or Unit Defects

A developer often acts as the builder of homes and/or condominium units in the planned community. If the developer assumes the role of builder, it is potentially liable for construction defects in the same manner as any other home builder would be.

1. Liability for Breach of Implied Warranties. With regard to the sale of new homes, the vast majority of states now recognize that the developer-builder gives each purchaser of a home two implied warranties. The first type of implied warranty is the warranty of habitability, which requires that a home be safe, sanitary, and otherwise fit for human habitation. The second type of implied warranty is the warranty of good workmanlike construction. This warranty requires that a home will be built in compliance with local or state building codes and with non-defective, high-quality materials. Pursuant to the warranty of good workmanlike construction, the developer-builder warrants that the home is free from latent defects of a substantial nature caused by a failure to build the home in a skillful manner.

2. Liability for Breach of Express Warranties. Today, most contracts pertaining to the construction of a new home include express warranties made by the developer-builder to the purchaser. An express warranty is a promise, made by the developer to the purchaser of a home, whereby the developer makes certain guarantees as to the quality or fitness of the home. If the express warranty is breached, the purchaser can hold the developer-builder liable for damages in an amount sufficient to permit the purchaser to remedy the construction defects. In some instances, the breach of an express warranty may entitle the purchaser to rescind the sale contract. Normally, express warranties are limited to the original home purchaser and cannot be relied on by subsequent purchasers. Some express warranties provide that, in the event of a dispute between the developer and the purchaser, the matter is sent to binding arbitration.

3. **Liability Based on Common-Law Fraud.** If a developer-builder expressly misrepresents the characteristics or quality of a home, it can be held liable for damages to the purchaser under a theory of fraudulent misrepresentation. Similarly, the developer-builder can be liable to a purchaser for failing to disclose defective conditions that a reasonable and prudent purchaser would wish to know about before buying a home.

4. **Liability Based on Negligence.** In some jurisdictions, purchasers and community associations may have a viable cause of action for negligence against the developer pertaining to the design or construction of a home or the common areas. To be successful against the developer under a negligence theory, the plaintiff would essentially have to demonstrate that the developer negligently created a defective or unsafe condition. Typically, a negligence cause of action would arise from the developers failure to properly design a structure or from the developers use of substandard construction materials.

5. **Liability Based on Breach of an Implied Warranty to Develop in Good and Workmanlike Manner.** Courts around the nation have held that developers impliedly warrant that the development, together with the developments amenities and common areas, are designed in a good and workmanlike manner. Pursuant to this warranty, the developer is under an affirmative obligation to exercise reasonable care and prudence with regard to all aspects pertaining to the planning and development of the new residential community. Today's developers are deemed to be more than mere sellers of raw land.

6. **Developers Liability Under Deceptive Trade Practices Act.** Most states have enacted what are generally known as deceptive trade practices acts. These acts prohibit unfair or deceptive practices in the conduct of any trade or commerce. If a developer misrepresents the purported quality or fitness of the home, or deliberately fails to build the home in accordance with the agreed-upon plans and specifications, the developer could face liability for deceptive and unfair trade practices. Most state deceptive trade practices acts permit the plaintiff to seek triple damages and attorney's fees.

Liability of a Developer for Misrepresentations Concerning the Amenities

In order to market a new development, developers will often focus their advertising efforts on the type of amenities planned for the community. Amenities can consist of recreational amenities, such as tennis courts, picnic areas, and swimming pools, or more fundamental things such as water and sewer availability, parking lots, and roads. Homebuyers have a right to rely on representations made to them as to the quantity and quality of the amenities. If a developer makes false promises as to type, quality, or quantity of amenities that will be available to residents of the development, this will entitle purchasers to sue the developer pursuant to either a breach-of-contract or fraud theory.

Developers Liability Under Federal Law

1. **A Developers Potential Liability under CERCLA.** A developer can face possible liability pursuant to the federal Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), which was enacted in 1980 to address environmental and public-health problems created by the improper disposal of hazardous substances. The Environmental Protection Agency is authorized to sue those who created the environmental hazard as well as current owners and operators of the property upon which the improper disposal occurred. A developer who owns property contaminated as a result of

the improper disposal of hazardous substances thereon is liable for clean-up costs even though the developer did not participate in the improper disposal.

2. A Developers Potential Liability under RICO, the acronym for Racketeer Influences and Corrupt Organizations. RICO derives from the Organized Crime Control Act of 1970. Developers who deliberately make misrepresentations about a planned community in promotional literature sent via the United States mail, or who make misrepresentations pertaining to the planned community via telephone, radio, or television, could find themselves subject to a RICO suit by disgruntled purchasers. If a RICO claim is successful, the plaintiff can be entitled to triple damages, costs of the suit, and reasonable attorney's fees.

3. A Developers Potential Liability Under the Interstate Land Sales Full Disclosure Act. The federal Land Sales Full Disclosure Act (ILSFDA) forbids the use of false, deceptive, or misleading advertising claims made with regard to unimproved subdivided lots offered for sale through means of interstate commerce. The ILSFDA permits buyers to recover damages for actions deemed in violation of the act.

Liability of Community Associations

Like a developer, a community association and its directors can face potential liability to homebuyers under a variety of legal theories. Many lawsuits against an association or its directors arise from an alleged breach of fiduciary duty. Community associations and their directors cannot act in an arbitrary and capricious manner toward individual homeowners, nor can they single out certain homeowners for disparate or discriminatory treatment. The fiduciary duty also requires that community associations and their directors operate the associations' business and financial affairs with ordinary care, skill, and prudence.

A community association is normally charged with the duty and responsibility to keep common areas in a state of repair and maintenance. If this duty is breached, and someone is injured or killed as a result of the unsafe condition of the premises, the community association can be sued for damages in the same manner as any other premises owner or occupant. Similarly, if a failure to maintain the common elements results in damage to the property of a homeowner, the community association can be liable based on its neglect of the common elements.

Lender Liability

Lenders who loan money to developers can, in some instances, be liable for construction defects or misrepresentations pertaining to the development. If a lenders role in the development is simply that of a lender, the courts have generally concluded that the lender is not liable for construction defects or misrepresentations pertaining to the development and its amenities. However, a lender can face liability for construction defects or misrepresentations if the developer has actively participated in the decisions pertaining to the planned development. Similarly, the lender can be liable for construction defects or misrepresentations in situations where the lender has (1) foreclosed on the development property, (2) taken title thereto, and (3) begun to hold itself out as the developer. The lender who becomes actively involved in a development could also face potential liability under the ILSFDA, RICO, and CERCLA.

Standing of a Community Association to Maintain an Action for Construction Defects Against the Developer

One cannot bring a lawsuit against another party unless he or she has standing to sue. Standing to sue means that the party bringing suit has a sufficient stake in an otherwise justifiable controversy to obtain a judicial resolution of the controversy. The requirement of standing is met if it can be said that the plaintiff has a legally protectible and tangible interest at stake in the litigation. Some courts have taken the position that a community association has no standing to sue a developer for construction defects unless the community association has an ownership interest in the defective property or is given the express authority to sue by virtue of state statute.

Generally, if the community association is suing the developer for defects in the common areas owned by the association or directly under its control, the association is deemed to have standing to sue. However, most courts have concluded that the community association has no standing to sue a developer for construction defects affecting only individual homeowners.

Standing of Individual Unit Owners to Maintain Action for Construction Defects Against the Developer

As a general rule with regard to community associations, there is no question but that an individual owner has standing to assert a claim against a developer due to the defective condition of his or her individual home. There is a split of authority as to whether individual owners can sue for defects in the common areas under the control of an association. Some jurisdictions would permit individual owners to bring suit against the developer for defects in the common areas, while other jurisdictions have held that associations have the exclusive right to bring suit for defects in the common areas.

Class Actions

A class action provides a means by which one or more individuals may sue as representatives of a large group of persons who are interested in the outcome of a legal controversy. Class actions are particularly useful where members of the class are so numerous as to make it impractical to bring them all before the court as party-plaintiffs. Not surprisingly, class actions are often utilized with regard to lawsuits brought against community associations or developers on behalf of numerous owners.

Defenses a Developer Can Assert as to Suits Brought by Community Associations or Individual Owners Based on Alleged Construction Defects

1. Statutes of Limitations. A statute of limitations prescribes the time limitations within which a cause of action must be brought. A cause of action will be barred if not brought within the applicable statute of limitations. Different causes of actions often have different limitations periods. The applicable statutory limitations period within which a particular type of claim must be brought will vary from state to state.

2. Statutes of Repose. While a statute of limitations dictates the timeframe in which a plaintiff may bring suit after a cause of action accrues, a statute of repose completely extinguishes a cause of action after a fixed period of time regardless of when the cause of action accrues. Usually, a statute of repose begins to run upon the completion of the work or the delivery of a product.

3. Avoidable Consequences/Mitigation of Damages Defense. A failure to mitigate damages is an affirmative defense available to a developer in an action brought by a community association to recover for construction defects. Pursuant to this doctrine, an association that suffers a loss has a duty to make a reasonable attempt to mitigate its damages. If the community association fails to make a reasonable attempt to mitigate its damages, the developer will not be liable for damages that could have been avoided by reasonable prudence and care.

Necessity of Competent Legal Counsel
Competent legal representation of a community association will go a long way toward supporting a smooth and seamless turnover of control from the developer-appointed directors to the homeowner-elected representatives. The developer's attorney is involved in drafting the governing documents and the sales documents, registering the community (as required by various federal, state, and local laws and ordinances), processing sales, and otherwise counseling the corporate entity that is responsible for the actual development and, possibly, construction of the project.

The developer's attorney should encourage the developer to fulfill its contractual obligations and to respond promptly to punch list items and owner inquiries. The attorney should also follow up on any compliance issues related to construction and development.

It is not appropriate for the developer's attorney to also represent the community association. There is too much potential for conflict of interest, as the rights and concerns of the owners diverge from the business interests of the developer. All association directors, on pre- and post-transition boards, have a fiduciary duty to the membership that requires them to place the interests of the association and its members ahead of their personal interests. Some state laws hold developer-appointed directors to a higher standard of duty and care, and attach significant personal liability to breach of that duty.

Prior to transition, the association attorney must make sure that the association board meets the documentary and statutory requirements for regular and special member board meetings, keeping of minutes, maintenance of financial records, rosters, and so on. Beyond the procedural and legal requirements, there are steps to be taken to lay the groundwork for the eventual transition of the association. The association attorney should encourage the developer-board to involve the owners in the governance process through two basic steps.

Step 1: Communication. The association attorney should make sure meeting notices are posted or distributed to all owners. Working with the professional manager, the attorney can assist in the creation of a newsletter or other type of regular communication between the board and the owners. Working with the accounting professional, the association attorney can make sure that legally required financial statements are produced and distributed, and that the financial records are kept in accordance with

applicable laws. The flow of information bears a direct relationship to the degree of membership satisfaction. Both the attorney for the developer and the attorney for the developer-controlled association should encourage the developer to be available to the buyers and owners as the sales and build-out progress. When owners feel that the developer representatives are available to them and are willing not only to listen but also to be responsive, the owners develop more confidence and trust in the transition process.

Step 2: Gradual Evolution of Self-Government. The attorney for the developer should produce an initial set of documents that include the appointment of a committee made up of non-developer owners, perhaps at the point at which 50 percent or so of the dwellings have been sold. The committee would attend board meetings and could be used to assist the developer-board in operating the association, enforcing the documents, developing rules, and the like.

The association attorney can assist the committee members in understanding the governing documents, the rights and responsibilities of the individual owners, and the respective roles of the developer, the board, the manager, and the owners. Such a committee could also assist with annual meetings, help with the orientation of new owners and residents, and be used to provide experience in governance for eventual non-developer board members. The association attorney should train committee members regarding the scope of board authority, the duty to maintain the common property, and statutory and documentary procedural requirements. As time for turnover of the association draws near, this group can become the transition committee.

At the turnover meeting, the association attorney can preside over and facilitate the election of the non-developer directors. The attorney would also assist in the organizational meeting of the board at which the association officers are elected. Because the association attorney does not represent the developer, he or she is in a position to answer questions and educate the owners on the legal aspects of transition. Once the owners other than the developer have taken over governance responsibilities, the association attorneys obligation is to guide the board through the process of preserving and protecting the legal rights of the association and its members.

As part of the boards' fiduciary duty to maintain, repair, and replace common property, the board should arrange for a professional inspection of any property for which it is responsible. A report from a professional architect or engineer will bring to light any construction issues. In addition, it can serve as a basis for short- and long-term planning for the maintenance of common property and the establishment and funding of reserve accounts.

The association attorney should be involved in reviewing and negotiating the contract, in reviewing the report with the architect or engineer, and in addressing the issues raised with the developer. The professional community association manager can assist in the evaluation process, working with the board and the association attorney to collect owner surveys and coordinate repairs and access to the common property for contractors if work has to be done.

In addition, the board has a duty to protect the common funds. It is appropriate for the association attorney to recommend that the post-transition board engage the services of an accounting professional to review the association's financial records. Some state laws require a final report or an audit to be produced by the developer at the time

of transition. There may also be working capital accounts and reserve account funding issues. The developer may owe assessments or other charges. Again, the attorney should review the contract as well as the final financial report for the accounting professional.

How to Avoid or Minimize the Risk of Litigation

With the rapidly increasing popularity of community associations, a cadre of specialists has evolved who are available to help owner boards navigate the transition from developer to owner control so as to properly discharge their fiduciary duty to their constituents. These professionals include managers, attorneys, engineers, and accountants who are knowledgeable within their respective areas of expertise and can provide constructive assistance in achieving a successful transition.

Simultaneously, developers have become increasingly aware of the potential for liability to community associations for defects in the common property and for financial mismanagement. The more progressive, therefore, have endeavored to establish procedures of their own to help effect a smooth transition to owner control and to minimize their potential liability. These include the engagement of independent counsel and accountants for the association at an early stage of transition, usually no sooner than the first transition election when 25 percent of the units have been sold. Just as importantly, professional management companies are often retained by developers at the outset to manage association affairs and maintain the common property. Some of these management companies are independent, while others are affiliated with the developers. Affiliated management firms are not as effective a shield against liability, because they can be held liable for the improper discharge of their duties. However, regardless of whether the management company is independent, the developer is still exposed to claims for improper maintenance and administration of the association during the period of developer control. Nevertheless, practices such as these can be most effective to foster a level of confidence and trust among owners that often is non-existent when the developer-controlled board does not try to establish the association as a discrete entity that functions independently of the developer and its consultants.

Perhaps the two key principles to be observed by both developers and owners in attempting to effect a successful transition are to communicate effectively with the other side and to avoid litigation except as a last resort. In the first instance, this means that, beginning with the date of the first closing, the developer should understand and assume the initiative to educate the owners about the role and operation of the association. Further, the owners should be involved as soon as possible in association activities through committee operations, newsletters, public forums, and other appropriate means. The lines of communication must be kept open at all times between the developer and the owner leadership, especially during the critical stages of transition negotiations. Far too often, one or both sides communicate solely through their attorneys or other professional consultants, which may promote an adversarial relationship rather than one of mutual understanding.

With respect to the avoidance of litigation, it doesn't take much experience to understand that in today's world of high legal fees, the cost of prosecuting or defending practically any relatively simple case between an association and a developer will reach

five figures for each party well before trial, if it is complicated and vigorously contested, such as a construction-defect case, a seven-figure fee for each side's attorney is not uncommon. Expert fees also substantially increase the total costs for all parties. Clearly this money would normally be much better spent by both sides to help remedy any real problems that exist with respect to the physical property maintained by the association, or to fund future reserves, rather than in pursuing expensive lawsuits with uncertain results over an extended period of time. Therefore, litigation should be a last resort only after there has been a total breakdown in constructive communication. Even then, after the issue is joined, the parties and their attorneys should continue to re-establish a positive dialogue and attempt to settle the material claims as early as possible in the litigation process. However, it must be recognized that, as a practical matter, serious settlement negotiations in standard construction claims cannot take place without an exchange of expert reports. Therefore, the sooner these reports are obtained, the greater the potential for an earlier settlement. Moreover, it is important for the association board to completely weigh both the merits of its claims and the economics of litigation before authorizing litigation, even though it may be recommended by its attorney, who may not be totally objective.

The Extended Sales Period

Transition can be relatively easy where a community association sells out rapidly and the owners assume control of the board within a short period of time after the majority close title. The property to be maintained by the community association remains relatively new and is still under warranty, and the owners are busy decorating their new homes and meeting their neighbors, rather than focusing on grievances with the developer or the association.

However, in a very large or slow-selling development where there is a considerable time lapse until the turnover of control to the owners, problems are likely to develop. Specifically, the physical property deteriorates and the warranty periods expire while the developer-controlled board is responsible for maintenance, and when the owners finally assume control they often expect the commonly maintained property to be in "as new" condition.

Logically these factors dictate either an earlier turnover of control or a process by which the developer can achieve a legally binding release of its warranty and related construction responsibilities while remaining in control of the board. However, there are legal and practical constraints on both approaches. For example, although it is theoretically possible to provide for an earlier surrender of control in the association's governing documents, there may be statutory or regulatory constraints that impede or prevent this. There are statutory and regulatory provisions that protect the developer to a limited extent from actions by the association that would adversely and materially affect the marketing or completion of the development or lower the standards of maintenance.

In addition to legal restrictions, several very real practical problems face the developer in providing for any early transfer of control. Specifically, almost every developer would be very reluctant to make itself prematurely vulnerable to the power of an owner-controlled association if it would result in substantially increased financial risk.

A developer also would want to be assured that the governing documents or a separate agreement with the association, approved by a majority of the owners, adequately protects its rights to complete the project without additional financial risk.

As to achieving release from warranty and other obligations without having to wait until turnover of control at the 75-percent sales benchmark, if the developer is still in control of the association board, it seems unlikely that any release executed on behalf of the association would be binding unless it was ratified by a majority vote of owners and based on independent legal and technical advice provided by experts selected by the owner representatives. There is no legal precedent for this scenario, and it would probably be harder to achieve than an early surrender of control of the executive board. Whether early release is achieved, independent engineering inspections of the physical property as improvements are completed might be very useful to the developer in defending any subsequent claims for defective construction. Most importantly, such inspections can enable the developer to assert timely warranty claims against subcontractors, alleviating a very real practical problem in which construction-defect claims are not addressed until months or years later, when the owners assume control of the community association.

The Selection of Independent Counsel for the Association

A delicate issue that faces every developer and its attorney during the transition process is the selection of an independent attorney. Both the developer board members and the developer's counsel have an inherent conflict of interest when and if they must address matters bearing on the relationship between the developer and the association, such as warranty and construction defect issues. However, there are different constraints on their respective roles.

Developer board members have a fiduciary duty to the members of the association to exercise a prudent business judgment on behalf of the association notwithstanding such conflict. In practice, however, it is more likely that (1) the developer-controlled board takes no action at all that would be adverse to the developer, (2) the developer representatives abstain when such an issue arises, or (3) the rights and claims of the association against the developer are preserved for the record in the minutes of the association.

On the other hand, counsel for the developer has ethical constraints against acting on behalf of the association in any matter where its interests are adverse to the developer. These conflicts may appear with increasing frequency as the association matures and more owners move in. It is a serious mistake for the developer's counsel to represent the association in any capacity at any time, because in any subsequent litigation between the association and the developer there is a very real risk that the developer's attorney would be disqualified from representing either side. Accordingly, it is recommended that the developer's attorney never represent the association and that he limit his advice to matters dealing with the administration of the association. In addition, all legal fees for work on association-related matters should be billed directly to the developer, who may, but probably should not, seek reimbursement from the association. Further, the developer's attorney should state in writing to the association that he represents the developer only, not the association.

This inherent conflict dictates that the association obtain independent counsel as soon as possible—notwithstanding the reluctance of most developers to introduce a potential adversary into the scenario, especially as the developer will be responsible for a significant portion of the fees unless a transition fund has been established to cover this expense with contributions from each purchaser at closing. There are two ways to solve this problem. The first and most common is to select independent general counsel for the association; the other, less frequent method is to retain ad hoc special counsel as conflicts arise between the developer and the association. Although the latter approach may initially seem less threatening and more economical to the developer, it is not necessarily either.

Generally, selecting an independent general counsel for the association is the preferred method of dealing with conflicts. Most owner board members will begin to lobby for an independent association attorney soon after the first transition election, when 25 percent of the sales have occurred, particularly if the developer-controlled board is not responding properly to owner grievances or is not managing the association properly. Sometimes political reasons alone will fuel the pressure to have separate counsel for the association. Often, however, because the developer has a propensity to resist this idea for the reasons previously stated, either no independent counsel will be retained during the period of developer control, or, if an independent attorney is retained, it tends to occur much closer to the 75-percent sales benchmark and the surrender of control to the owners.

The postponement of the selection of independent counsel is not necessarily in the best interest of the developer. Independent counsel presence can help increase the comfort level of owners and help build and maintain communication bridges with the developer, especially if the attorney's approach is conciliatory rather than adversarial.

As for the method of selecting an association attorney during developer control, perhaps the best way is to let the owner members of the board choose from a list of qualified attorneys identified by the developer or the managing agent. The developer should approve the attorney selected, for if he is not acceptable to the developer or not qualified, his selection may not be a constructive step for the association and will certainly impede the transition process. Similarly, if the developer selects the attorney without involving or getting the approval of the owner representatives on the board, it is often counterproductive because of the stigma attached to the attorney and the resulting negative impact on his credibility.

The Role of Government Agencies in the Transition Process

Sometimes it is sound practice for an association or its attorney to report to the state regulatory agencies if a developer is not responsive to a major transition problem. However, caution should be exercised not to contact such agencies prematurely, as this likely will be viewed by the developer as a hostile act and impede future communication with the developer. On the other hand, where little or no communications previously existed, contact with state officials may serve as a vehicle for getting the developer's attention. Therefore, an association should be judicious about involving state regulators in the transition process.

Another technique that is sometimes used effectively by transitioning associations to seek redress from the developer is to enlist the help of municipal officials in obtaining developer compliance with construction obligations. Municipalities usually have the authority to require the posting of both performance and maintenance guarantees with regard to improvements in subdivisions and to refuse to release the guarantees until there has been approval of the improvements. However, there are certain legal limitations on the powers of a municipality. It is clear that if defects exist in site improvements, which have been bonded, the municipality has the right to seek correction of those defects or to assert claims under the bonds, not releasing them until the improvements have been completed to the satisfaction of the municipal engineer.

The statutory and regulatory provisions for the progressive surrender of control accomplish their purpose in protecting a developer's investment in a project and affording owner representatives the opportunity to gain knowledge and experience in the operation of their association before assuming full responsibility. Further, these laws help ensure that the developer will not prematurely abdicate its responsibility to the owners and permit them to flounder with respect to the discharge of association duties. However, these same requirements, when used overzealously by some professional consultants, have helped create an adversarial climate that is not in the best interests of either developers or associations. In addition, the process does not address the problems inherent in large developments or those where sales are slow and the surrender of control may not occur for several years. These problems include the developer's warranty obligations for completed improvements, owner anxieties about assuming control, and complications that evolve from the developer's conflict of interest when it remains in control.

Many of the practical problems discussed are the result of regulatory inadequacies, while others are the result of poor communication between the developer and owner representatives regarding association concerns. It is hoped that a process will evolve that will address some of the more important issues raised, so the transition from developer to owner control can be a cooperative and constructive experience with the primary beneficiaries being the parties themselves rather than their professional consultants.

Engineering Reports and Punch Lists

In recent years it has been a common practice for the initial owner-controlled boards of community associations to commission an engineering inspection of the property, which the association is obligated to maintain in order to fulfill the board's fiduciary duty to the owners. If an association elects to avail itself of the entire scope of services recommended, the resultant reports generally have several distinct components. These include (1) a description of the condition of the physical property, (2) a capital reserve study, (3) a recommended maintenance schedule, and (4) a comparison of the actual construction with the approved plans and applicable codes. In reality, only the first three elements are necessary to discharge the board's fiduciary responsibility to maintain the property; the plan and code comparison focuses mostly on the possibility of potential claims against the developer. Nevertheless, most reports are all-inclusive.

It is important that a new owner-controlled board understands the relevance of the engineering report to the transition process and particularly to the responsibility of

the developer. Far too often this report is viewed and utilized indiscriminately, impeding transition negotiations with respect to the developer's construction and warranty responsibilities. Problems commonly arise as follows:

The physical condition of the property. First, it is recommended that a description of the physical condition of the property focus on the major items and not list every minor defect to be found. However, the latter approach is understandable given the engineer's concern about liability for oversight. Frequently, the engineer or the association's attorney does not take the time to edit the initial report in order to distinguish between significant and minor problems. As a result, when the developer and its attorney are presented with the report, the minor problems (such as birds' nests in the gutters and minor cracking in the concrete) obscure the essential areas to be addressed, and the credibility and good faith of the association are impugned. There is a school of thought that the parties should spend their time and effort negotiating away the smaller items before addressing the ones that count. Sounder principles of negotiation, however, suggest that if the more important issues are addressed at the outset, there is a greater chance for a successful resolution of all the problems. Otherwise, there is a very real risk that the negotiations will flounder or the parties will polarize over the details of the lesser matters, and the problems that truly count will never be addressed. Accordingly, it is recommended that the association or its consultants give priority to the major physical defects included in the engineer's report, separating them from the minor ones in an independent portion or summary of the report as well as during negotiations.

Failure of the engineering report to discern between construction defects and the lack of proper maintenance is a related problem. A developer generally has warranty responsibility for the former, but it does not necessarily follow that a developer-controlled board is liable for maintenance problems. This is especially true in associations where an independent management company is responsible for the physical maintenance and where minority owner board members have participated in the selection of the company or have not objected to its performance during the period of developer control. Further, if the maintenance of the project was deficient during this time, it does not logically follow that the developer or its appointed board members should bear the entire financial burden of remedying the maintenance deficiencies. If this were the case, then the developer would have a similar claim against the owner board members individually for the cost of remedying any maintenance deficiencies that occurred after the owners assumed control, which is certainly not the case.

The foregoing discussion is not intended to suggest that maintenance deficiencies should not be identified in the engineering report. Obviously they must be addressed by the owner-controlled board in light of the engineer's recommendation and the proposed schedule of maintenance. But, unless the maintenance deficiencies are clearly separated from construction defects in the report and the resulting transition negotiations, the likelihood for a breakdown or failure in the settlement discussions is significantly heightened.

The reserve study is another component of the engineering report that is frequently misconstrued. Uninformed, owner-controlled boards and developers are often led to believe that the developer is liable whenever the reserve study prepared by the asso-

ciation's engineer shows that a greater amount should be set aside for capital repair and replacement than the amount originally included in the reserve component of the budget that was incorporated in the public-offering statement. This is not necessarily the case.

First, there is often no governmentally imposed or generally recognized standard as to what should be provided in the reserve budget when it comes to items, useful lives, or even amounts to be included. Therefore, if the public-offering material contains an independent letter of adequacy as to the reserves and another expert subsequently retained by the owners has a different opinion as to what constitutes an adequate reserve schedule, it does not necessarily follow that the developer is at fault. (See *Reserve Funds*, published by CAI for different approaches to the establishment of reserves.) Experts will have varying opinions as to what is adequate. This is not to suggest, however, that the developer is not responsible to fund the capital reserves provided for in the public-offering plan.

Comparison of construction with applicable plans and codes. With respect to the comparison between the actual construction and the approved plans, specifications, and relevant codes, there are several problem areas. One is the expectation that is created among owners that there should be monetary compensation or that the construction should be brought into conformance with the approved documents or applicable codes regardless of the nature of the discrepancy. This reaction is understandable, but it fails to take into consideration factors such as field changes necessitated by unexpected conditions during construction, any approvals by governmental inspectors and agencies of such changes, alternative methods of compliance with codes, if any, and, finally, the impact of such variations on the durability and usefulness of the project improvements at issue. Clearly, where there is a serious health or safety problem, or a substantial economic issue such as significantly higher maintenance costs, the association should seek to hold the developer accountable. However, far too frequently owner-controlled associations assert that they are entitled to redress for every such discrepancy and run the risk of impeding an effective dialogue with the developer regarding the major problems. For instance, does it really matter if the landscaping is in a different location or if the species vary from the approved plan if the maintenance costs and aesthetics are generally comparable? The focus should be on items that count, such as fire-safety measures, structural soundness, and so forth.

Finally, a related topic is the use of punch lists, of which there are two general types. The first is a list in abbreviated form of all of the defects set forth in the engineer's report. Commonly this is prepared by the owner-controlled board's or the developer's engineer and is used as a tool to facilitate dialogue between owners and the developer. Although it has worked effectively in many instances, such a punch list also can detract from the discussion of any major problems that may exist.

The other type of punch list summarizes the results of a questionnaire submitted to owners by the owner-controlled board or its engineer. This instrument solicits input from owners as to any defects that they perceive to exist in the common elements appurtenant to their home, and often goes so far as to solicit input about defects in their homes. Unfortunately, this punch list does not and cannot take into account such factors as the difference between construction and maintenance defects, the lapse of war-

ranty periods, or the materiality of the defect. Therefore, although some engineers will defend such a document as necessary to identify every problem in their exercise of due diligence, this type of questionnaire can have a significant negative effect on transition negotiations if it is given to the developer without appropriate editing. More importantly, it frequently creates an expectation among owners who expect that any items that they list ultimately will be remedied by the developer or the association. When they are not, it is often much more difficult for an owner-controlled board to garner the support of its constituents. Accordingly, this type of punch list should be used with caution and with appropriate admonitions to the owners as to its purpose and relevance.

To summarize, engineering reports and punch lists commissioned by owner-controlled boards should be used judiciously and their purpose and impact should be understood. To transmit engineering reports to a developer in an unedited form and without having established priorities can impede constructive dialogue. Also, it should be kept in mind that the engineer who writes the reports ultimately may have to back them up with testimony in court; therefore, the content of the reports and the engineer's experience and record as an expert witness are very important. Above all, an owner-controlled board should keep in mind that the best engineering report is a clean engineering report. Accordingly, if the board receives a good report from a competent engineer, it should resist any suggestion to shop around for a less favorable report that could help fuel questionable claims and litigation from which neither side usually benefits.

Insurance

The purpose of this section is to provide general insurance guidance—including purchasing responsibilities and timelines—to those involved in the development, sponsorship, and organization of community associations. Insurance provides protection for losses throughout the transition process, so the parties involved do not suffer any adverse financial losses or pass on a loss to someone else.

Flood Insurance

Although flood insurance is available through other sources, this section will concentrate on the National Flood Insurance Program (NFIP), residential condominiums, and the use of the appropriate Standard Flood Insurance Policy forms and rating system. When reviewing this section, please keep in mind that only those eligible properties located in participating communities qualify for NFIP coverage. For an explanation of building eligibility and community participation, visit the NFIP Web page at www.fema.gov/nfip.

The Standard Flood Insurance Policy (SFIP) has three forms: the general property form, the dwelling form, and the residential condominium building association policy (RCBAP) form. Which form will apply is determined by the building's type of ownership and occupancy. These same two factors are also essential in deciding the amount of the flood insurance policy premium. The dwelling form is used to insure a single-family or two-to-four family dwelling, as well as a single-family dwelling in a condominium building. It also is used to insure residential contents. The general property form is used to insure other residential or non-residential buildings and/or their contents. The

RCBAP insures a residential condominium building and commonly owned contents of the association, as well as all units within the building. To qualify for an RCBAP, at least 75 percent of the total floor area must be residential.

The builder/developer must initially purchase coverage under the Condominium Association Policy (CAP) rating system using the general property form. Once the developer has sold a minimum of two units, the CAP may be rewritten using the RCBAP rating system and form. The intended occupancy area of the building must have 75 percent of its floor space devoted to residential use.

The developer and/or sponsors, upon legal conveyance of ownership to the association, may transfer the existing RCBAP into the name of the association, or the association may purchase a new policy. The association is then responsible for purchasing and maintaining insurance coverage. It is imperative that the building be insured to at least 80 percent of its replacement cost. Policy limits should be reviewed annually and whenever any improvements have been made to the buildings. Should the policy limits fall below 80 percent of the building's replacement cost, the association will be considered a coinsurer, and a coinsurance penalty will be applied at the time of a flood loss. Owners who have purchased flood insurance on their individual units (under a SFIP dwelling form) will not be provided loss assessment coverage if the association has failed to maintain the 80-percent replacement cost figure and has experienced a flood loss. If no RCBAP is in effect at the time of the loss, coverage under the dwelling form will respond to any flood-related loss assessment levied against the owner.

Owners may purchase individual flood insurance policies on their units. They may do so to fulfill a requirement by their lender, or to insure those items within the unit not otherwise covered by the association policy. Such items might include structural improvements made by the owner or the owner's personal property. The SFIP form used to insure an individual residential condominium unit is the dwelling form, which also allows for loss assessment coverage provided that the RCBAP insuring the association has a policy limit of at least 80 percent of the building's replacement cost, or if there is no RCBAP in existence.

Cooperatives may purchase coverage under the general property form of the SFIP. As these residential buildings are not in the condominium form of ownership, they do not qualify for the RCBAP. A cooperative building, in which at least 75 percent of the area of the building is used for residential purposes, is considered as residential occupancy. Cooperative buildings are to be insured under the general property form. Once ownership of the building has been turned over to the association, coverage may be purchased by the association. An owner in a cooperative building does not qualify for building coverage through the NFIP. However, individuals may purchase flood insurance on their personal property.

Property Insurance Other Than Flood Insurance
This section is provided to address all types of property coverage other than flood insurance for a given community association. Responsibilities for securing the various types of property insurance will also be highlighted. The broad term "property insurance" includes, but is not limited to, special form buildings and contents, equipment and

machinery, earthquake, building law/ordinance, and backup of sewers and drains. All coverages should meet the minimum standards set by statutory law and the association's governing documents.

For additional information on other types of coverage, such as HOA without Residential Coverage or Cooperatives, please see *Developer Transition*, published by CAI.

Condominium & Homeowners Associations With Residential Coverage

The developer must initially provide property insurance on all completed common-area buildings, structures, and contents until a master policy can be written in the name of the association. Property insurance on residential buildings must be secured until the first conveyance of title to an owner within a building under construction. At the time of this conveyance the building will be added to the association's policy, but the developer should continue to carry a builders risk or installation floater until all construction is completed for the residential building in question. The builders risk or installation floater also would be used to cover common-area buildings until their completion.

Once a master policy can be written, the completed common-area buildings, structures, and contents should be covered by the association's master policy. Coverage for the completed value of the residential buildings should be added to the association's master policy at the time of the first owner conveyance within a residential building. Most often the coverage will be written on a single-entity basis, which means the units within a building will be insured to replace or repair the units to the same kind and quality as originally offered or built by the developer. Alterations, additions, improvements, betterments, and upgrades done by owners that go beyond the developer's specifications would not be insured by the association.

Owners should purchase their property insurance through a homeowner's six policy (HO6) or an equivalent. Property insurance that should be considered by owners typically include personal contents, improvements, betterments, alterations, additions, upgrades, property loss assessment, and enough unit coverage to assume the association's mater policy deductible.

Fidelity Insurance and Directors & Officers Liability

From the moment the association is a legal entity it should purchase both fidelity and directors & officers (D&O) liability coverage. These coverages should carry the association from the period when the association board is totally developer-controlled to the final transition to an all-owner board. All coverages purchased should meet the minimum standards set by statutory law and the association itself. The fidelity insurance may also be subject to Fannie Mae guidelines of having a limit equal to three months operating budget plus the entire reserve account.

Workers Compensation

The developer should have workers compensation coverage provided for all workers involved in the development of the association. This should be separate and distinct from the association's workers compensation; from the moment it is a legal entity, the association should have its own workers compensation policy. This policy should be purchased whether or not the association has its own employees, as the association

could be responsible for workers compensation benefits to someone it does not consider its own employee.

Liability Coverages

The coverages considered in this section include, but are not limited to, General Liability, Automobile Liability, Employment Practices Liability, and Umbrella policies. These coverages must be purchased to meet the minimum standards set by statutory law and the association's governing documents. The developer should purchase liability coverages for the entire time period their representatives are on site. The association's liability policy should be separate and distinct. The developer's policy should cover all construction and development operations the developer/sponsor controls.

Community associations should have liability coverage the minute they become a legal entity. Only the operations of the community association should be covered by these liability policies. Construction operations should be covered by the developer's coverage. Owners should purchase their own liability coverage. The association's policy does provide some limited coverage to owners, but this is only while they are performing an act related to the operations of the association. To have proper coverage, the owner should secure their own liability coverage. This liability coverage is commonly offered under a Homeowners 3 (HO3), Homeowners 6 (HO6), or their equivalents.

SECTION SIX
Who Are the Parties?

The Association

The association operates much like a municipal body in the sense that it is governed by an elected board that represents the interests of its members. It is important to understand that transition is the process of assuming responsibility for the governance of the association and that it is not limited to dealing with construction issues, as is oftentimes thought. Transition begins very early, with the establishment of the association as an entity, governed by representatives initially appointed by the builder. Homeowner members of the association become actively involved with the transition process after the first election meeting, at which typically one or two members of the association are elected to a board of directors.

Following the initial election, the homeowner members of the board begin to become familiar with the governing process as outlined in the documents of the association. While at this stage they typically represent a minority interest on the board, they nonetheless are responsible as board members for conducting business on behalf of those they represent—the homeowners. Their responsibility includes hiring professional advisors, bidding and awarding contracts for services provided to the association, establishing and enforcing rules and restrictions as permitted by the governing documents, and insuring the proper operation and administration of the association. At this

point in the transition process, the association begins to take on a profile or personality, because rules and regulations, policies and procedures, and architectural control issues begin to evolve with the input and influence of the homeowner board members.

Further into the development process, typically after 75 percent of the homes to be built have been conveyed to homeowners, another election is held. Following this election, homeowners will represent a majority interest on the board, with the developer usually maintaining a minority vote (or sometimes a non-voting seat on the board). It is common at this point for the board to begin hiring a professional team to conduct the investigations related to the board's due diligence. This team should include a manager, an independent accounting firm, an attorney, and an engineer, all of whom will play a significant role in the transition process.

The focus of transition at this stage is more specifically on what the builder has provided. The board's responsibility to the association is to ensure that the promises of the builder as outlined in the public offering have been fulfilled. It is important at this juncture to differentiate association issues from homeowner issues. The board will commonly receive input from homeowners concerning issues related to their individual units rather than the common elements. Individual homeowner issues must be handled directly by the homeowners themselves, in conjunction with warranties that have been provided. The board should focus on what is commonly owned by all homeowners—the common elements—as defined in the master deed or declarations.

The best practice is to retain a manager first because the manager will coordinate the efforts of the other professionals. The manager also can be expected to have valuable input regarding other local professionals that might be most effective in the specific circumstance of the association. When considering professional management, the board will want to consider the incumbent manager hired by the developer or alternative managers in the area. The advantage of retaining the incumbent lies to a large degree in the base of knowledge this manager has regarding issues that have been identified since the beginning of the manager's tenure. The downside of retaining the incumbent rests primarily in the perception that he was hired by the builder and may harbor a continuing affiliation that could cause a conflict of interest. This issue should be examined carefully, inasmuch as it is often a perception as opposed to a reality.

Other professionals that should be considered at this point include an independent accountant, an engineer, and an attorney. Once all of the professionals have been retained, the board might appoint a subcommittee of two or three individuals to deal directly with the manager and other professionals on transition-related matters.

If a subcommittee is appointed, it should have an established structure for regularly reporting back to the board regarding its progress. Once a refined set of reports is established, the full board should review and approve them and submit them to the developer for comment. From this point forward, the full board should maintain close communication and monitoring of the negotiation process (assuming that issues for developer action have been identified), utilizing its subcommittee and professional advisers to conduct the actual discussions. Once all parties are in agreement as to the resolution of any identified issues, the full board should accept the resolution and execute any necessary documents as provided by legal counsel.

The primary role of the board, therefore, can be summarized as one of reviewing information, directing professional advisers, and making decisions regarding the transition process. These decisions relate not only to construction and accounting matters, but to governance, administrative, and operational issues as well.

The Manager

The professional manager plays a very important role in the transition process, ranging from assisting in the education of new board members with regard to the association's governing process, to coordinating the work of the professional team retained by the board. Heavy reliance should also be placed on the manager to assist in establishing and maintaining timelines for the production of reports, reviewing information, and refining any issues that might be identified.

Perhaps the manager's most critical job is to provide a realistic context for the board that ensures any expectations concerning transition are reasonable. Once again, the transition process includes not only investigating construction issues but also the evolution of the governing process, fine-tuning of rules, regulations, and restrictions, development of architectural control standards, and establishment of administrative policies that will serve the community into the future. A professional manager will be able to analyze the administrative and operating systems of the association and point to what is missing or what can be further fine-tuned. In terms of developer-related issues, the manager should play a key role in providing focus for the association, so a realistic list of concerns can be identified and managed.

One of the first responsibilities of the manager following what is commonly referred to as the transition election is to make sure that the board has its professional advisers in place. The manager will be familiar with the extent of any potential issues in the community and know other professionals in the area who have experience with transition matters. The manager consequently will be in a position to recommend several professionals for the board to interview. In this process, it is best to limit candidates being interviewed to a maximum of three for each category—independent accountant, engineer, and attorney. If desirable, proposals can be solicited from five or six candidates, from which three can be selected for interview. The manager will be able to coordinate this process, so the board can make its choice in an organized and informed atmosphere.

Once the professional team is established, the manager should work with the board and each professional to develop timelines for the production of reports. Once established, the manager will monitor progress so the timelines are maintained, and receive the draft reports for distribution to the board, its subcommittee, and the association's legal counsel.

Due to the nature of the manager's responsibility for the day-to-day administration of the association, he will come across a wide variety of issues, some of which may be related to studies being conducted by the engineering and accounting firms. The manager should maintain a list of such issues and include them in any related investigation that is conducted.

Once the draft engineering report and auditor's report are received, the board or its subcommittee should review it and refine any issues that have been identified. Here

again, the manager can provide a valuable service to the association by maintaining realistic expectations and keeping the board or subcommittee focused on the important issues at hand. When final reports are produced and furnished to the developer, the manager will assist in scheduling meetings and discussions, so the process of resolving any identified issues does not become overly protracted.

All in all, the manager is much like an orchestra conductor, bringing together skilled musicians of varying types to produce a symphony that is fulfilling to those he represents. This is done by establishing the context, creating the team, coordinating the efforts, refining the result, and resolving the issues.

The Approving Authorities

At the time that a project is conceived and permitted, there is no owner's agent representing the interest of the future association. So, to some degree, the approving authorities provide some oversight. The developer appears before various local, state, and federal agencies to secure the necessary approvals for the design, specifications, and construction practices for the project.

These agencies are charged with protecting the public interest, which may or may not coincide with the future owners' interests. Generally speaking, a public agency enforces standard codes and specific regulations of the state or local government. These standards protect the health and welfare of the community and assure a minimum level of structural integrity. By enforcing these standards, the approving agency is providing minimal representation for the owners' interest.

The project approval process may also include negotiated standards. These standards are not hard and fast; rather they may provide certain concessions or inducements for the developer to proceed as an "essential" community development project. For example, the municipality might grant a developer a lower specification for road construction, trash storage space, or buried utilities, because they are privately owned on the project site. In return, the developer might agree to receiving reduced municipal services. The outcome of these negotiations, while favorable to the approving authority and the developer, often is not in the best interest of the future owners. For example, future owners may bear an undue municipal-tax burden for a lower level of public services, or be prohibited from negotiating public assistance for repair of roads that have become public thoroughfares.

During the construction phase, agents of the approving authority charged with the enforcement of codes and standards make periodic inspections of the property to make sure that the project is proceeding in accordance with standards, designs, and specifications. Ultimately, the approving authority will issue a certificate of occupancy based on these periodic and final inspections. Critical parts of the inspection include, but are not limited to, plumbing, electrical, fire-safety, and energy codes. While code-enforcement inspections can assure that the project meets major standards (design approval of the architect's or engineer's plans) and some smaller details (polarity of outlets) they may miss substantial defects (for example, substituted water-service fittings that corrode more rapidly or obstructed eave ventilation that leads to ice dams).

In some jurisdictions, municipal leaders have adopted enabling legislation for planned urban developments. In some cases, the municipality has the power to grant approving-authority status to the developer. The developer then will oversee the builder's compliance with codes and, with the municipality, issues certificates of occupancy. During transition and discussion of construction defects, the approving authority can be involved as a disinterested party. The certificate of occupancy is an important document. On occasion, owners allege that the approving authority and its agent, the code-enforcement officer or inspector, is negligent for accidentally or willfully overlooking code violations during construction inspections.

In the final analysis, the approving authorities have two substantial effects on the outcome of transition and the community's future well-being. First, through negotiated agreements and concessions, they set the stage for conditions that future owners might consider project shortcomings and defects. Second, diligent code enforcement brings a considerable amount of information to the transition discussion, and has the potential to detect and eliminate faults during construction.

SECTION SEVEN
Emerging Strategies to Discourage Litigation

Developers of community associations have become increasingly concerned over the years with their exposure to liability for construction defects. They are particularly troubled by the proliferation of protracted lawsuits that are perceived as unnecessary or spurious. Frequently these lawsuits are initiated by the boards of directors rather than by individual owners. Accordingly, governing document innovations and legislative initiatives have been undertaken to promote settlement or avoid such litigation altogether.

Specifically, drafting techniques are being developed and utilized to expand the boundaries of units to include as much of the physical property as possible, with a corresponding reduction in the scope of the common elements and common property. These provisions minimize the role of the association in enforcing construction warranties by shifting the standing and authority to enforce such warranties from the association to individual owners.

Another approach that is being pursued both in the drafting of governing documents and through legislation passed in California and introduced in Maryland is the establishment of a procedural process that is condition precedent to the commencement of any construction litigation. A similar approach is included in the current draft of UCIOA proposed for New Jersey. In every case, the goal is to discourage boards from arbitrarily filing such lawsuits without informing and, in some cases, obtaining the informed consent of the owners. Mediation or non-binding arbitration also may be required.

In addition to innovations dealing with governing documents and legislature, there are also a number of developers who are implementing in-house procedures for minimizing the risk of defect and budgetary litigation with the review and coordination of the design documents, budgets, and as-built construction. These developers have also found it to be beneficial to have subcontractors correct any deficiencies before they receive their final payment and leave the project.

A comprehensive risk-management program such as this would take place at the completion of the architectural and engineering drawings, and continues through the completion of construction, when the owners take control of the association. It would include:

1) A review of the design drawings to confirm coordination between the architectural and engineering designs at the interface points between the two. A typical example is the discharge of the roof drains (downspouts), which are shown on the architectural drawings, and the site grading and drainage, which are shown on the engineering plans.

2) A review of the description of the community included within the governing documents for conformance to the actual final design shown on the architectural and engineering drawings.

3) A review of the budget included within the governing documents to confirm that the reserve study accurately represents the materials and quantities shown on the design drawings, and that the cost of maintenance for the common and limited common elements is also accurately reflected.

4) A review of the as-built construction as it is taking place to confirm that it is in general conformance with the design documents. In some cases, punch lists are also developed at this time to be given to the subcontractors for repair before they leave the site.

5) A review of the final as-built construction immediately prior to the owners' taking control, so the potential for extensive transition report punch lists are minimized.

Although the approaches are varied, they all share the goal of ensuring that owners participate in the decision process, rather than having it made behind closed doors by the board and the association's attorney.

Attachments

Sample Condominium Transition Agreement and Release

THIS AGREEMENT made by and between the _____
Condominium Association, Inc., a [State] Corporation, with offices at _____
_____ _____, _____ (hereafter, the
"Association") and at _____ a [State] Corporation, with offices at
_____.

WHEREAS,_____is the developer of a condominium commu-
nity located in the _____, _____ County, State, known
as _____ (hereafter, the "Condominium"); and

WHEREAS, the Association is responsible for, and maintains the common elements
and property of the Condominium and represents the concerns of individual unit
owners of the Condominium with respect to such common elements; and

WHEREAS, various disputes have arisen between_____and the
Association concerning certain repairs to and conditions of said common elements of
the Condominium; and

WHEREAS, representatives of the Association and_____have
met on numerous occasions to discuss resolution of disputed issues between the
Association and_____arising out of the development of the
Condominium; and

WHEREAS, the Association received and delivered to_____engineering
reports prepared by _____ dated _____ (the "Engineer's
Reports"); and

WHEREAS, numerous letters and supplemental reports have been delivered by both
_____and the Association; and

WHEREAS, subsequent to the issuance of the Engineer's Reports, _____
and the Association conducted walkthroughs of the Condominium in an effort to
narrow and resolve the outstanding issues between them; and

WHEREAS, the Association and_____desire to resolve this matter
and mutually release each other from any and all claims regarding the repair or con-
struction of the Condominium, provided, however, all conditions enumerated below
are complied with;

NOW, THEREFORE, in consideration of the mutual promises contained herein, _____and the Association agree as follows:

1._____agrees to perform all work more particularly described in Exhibit A, attached hereto and incorporated herein. This work shall be completed within the time frames more specifically set forth in Paragraph 5.

2._____agrees to make a one-time contribution of $_____ to the Association. This settlement amount will be paid within 30 days from the date this Agreement is signed.

3. **Release**:

The Association hereby absolutely releases and discharges_____, and any of_____subsidiaries, subcontractors, affiliates, agents and related entities and any and all past and present officers, directors, shareholders, agents, sub-contractors, or employees of any said entities, including but not limit _____ any of the _____, any subsidiary of any of the foregoing entities and any and all former members of the board of directors of the Association ("Board") heretofore designated by _____or otherwise selected to serve on the Board on behalf of _____in their individual capacities (all such _____ related entities and persons shall hereafter collectively be referred to as the "_____") from and against any and all liabilities, damages, promises, covenants, agreements, causes of action, judgments, claims, or determinations in law or in equity or any costs or expenses including but not limited to attorney's fees, arising from or in connection with any and all claims which the Association, and its members (as claims of such members relate to the common ele-ments themselves and not to claims arising from the Purchase Agreement or the indi-vidual unit) shall or may have against _____ and/or _____, and particularly any and all claims arising out of or asserted, whether, or not involving actions taken or not by _____ and/or the _____, in connection with (i) the approval and creation of the Condominium, (ii) the prepa-ration, approval and satisfaction of the documents required for its creation, includ-ing but not limited to any Public Offering Statements filed in [State], any amend-ments thereto, the plans and/or specifications referred to therein or related to the Condominium and the land use documents, (iii) the construction, repair and mainte-nance of the Condominium, (iv) the management of the Association monies including any reserve funds, and (v) any other matter for which _____ and/or the _____ might be responsible in connection with the Condominium including but not limited to:

(A) Any and all defects in the Condominium, whether latent or patent, and wheth-er now existing or hereafter arising or discovered, including any deviation from appli-cable building codes;

(B) Any deviations between the plans and specifications referred to in the Public Offering Statement, amendments thereto and exhibits thereto, or on file with any governmental agency, and the Condominium as actually constructed;

(C) Any deviations between the plans, including site plans and amendments thereto, for the Condominium referred to in documents filed with any applicable planning board or board of adjustment or on file with any building department, building official or any other governmental agency including but not limited to, use or bulk variances, parking requirements, construction plans, etc.

(D) Any and all claims asserted or arising out of or in connection with any matters set forth in any reports prepared by _____ or any representatives or employees of that firm, any documents referred to in those reports, and/or any other engineers or consultants engaged by the Association.

(E) Any and all warranties, whether express or implied, including but not limited to any warranties under the [State] New Home Warranty and Builders Registration Act, and the Planned Real Estate Development Full Disclosure Act. Notwithstanding the above, to the extent that the 10-year warranty as to major structural defects provided by a third party insurer has not yet expired, same shall be unaffected by this release, but only as to the rights against such insurer.

(F) The turnover of documents pursuant to the [applicable state statute].

4. Simultaneous with the signing of this Agreement, the Association shall also adopt a resolution (attached as Exhibit B) by which the Board of Trustees authorizes the execution of this Agreement and Release, and ratifies the settlement of this matter.

5. Subject to weather conditions and the availability of materials, _____ will commence all repairs, replacements or improvements as specified above within 30 days of the execution of this Agreement. Within 180 days of signing this Agreement, Developer will complete all repairs, replacements or improvements as specified above, unless, by its terms, such repairs or improvements are not to be made or completed until some time later.

6. _____ shall provide the Association with an express warranty for a period of twelve (12) months as to the quality of workmanship and materials for the work set forth in Exhibit A. This warranty shall commence upon written notification from _____ that the work is complete. Developer is not providing any implied warranties to the Association. The Association shall have one (1) year from the expiration of the aforesaid warranty to commence an arbitration or civil action against Developer, or forever release _____ from any such claims pursuant to the warranty.

7. It is the intent of the Agreement and Release that both parties waive and relinquish their claims concerning any and all defects or deficiencies, alleged or real, reported or not, discovered or not, except as provided in the ten (10) year warranty as to major structural repairs as set forth in Paragraph 3(E).

8. Should any work or matter set forth in this Agreement in an amount not to exceed Fifty Thousand ($50,000) Dollars, not be completed or resolved to the mutual satisfaction of _____ and the Association, such dispute shall be resolved by binding arbitration in accordance with the rules of the American Arbitration Association with an arbitrator as to responsibility, methods and cost allocation. Such ruling shall be binding upon both parties and may be reduced to judgment. Any dispute concerning an amount in excess of Fifty Thousand ($50,000) Dollars may only be arbitrated upon the mutual written agreement of the parties.

9. Upon completion of all work as set forth in this Agreement, _____ and the Association shall have no further responsibility to each other with regard to the development and creation of the Community, except as provided in the ten (10) year warranty as to major structural repairs as set forth in Paragraph 3(E).

10. The Association shall use its best efforts to assist _____in securing a final release of the bonds posted with the municipality for public improvements as set forth in connection with all approved site plans. Upon completion and acceptance by Association's engineer of the work under this Agreement, the Association agrees not to assert any objections to the release of the bonds by the municipality.

11. This Agreement and the Exhibits attached hereto shall not constitute an admission of liability or serve as evidence of liability on the part of _____ and/or any related entities.

12. The Association accepts the promises and covenants set forth in the Agreement in full satisfaction and discharge of all rights and/or claims now and forever due and owing.

13. This Agreement shall be binding upon all successor Boards of Trustees for the Association, its successors and/or assigns.

14. This Agreement including the Exhibits attached hereto contains the entire agreement between the parties as to the settlement of their disputes and no amendment, modification or addendum to this Agreement shall be effective unless in writing dated subsequent to the date hereof and executed by the duly authorized officers of the respective parties. The requirement for such a writing shall apply to any waiver of the requirement of a written modification pursuant to this Paragraph and shall be deemed an essential term of the Agreement.

IN WITNESS WHEREOF, the parties have set their hands and seals this _____ day of _____, 20_____.

ATTEST: CONDOMINIUM ASSOCIATION, INC.

_____   BY: _____
                         Secretary   President

ATTEST:

_____   BY: _____
                         Secretary

Sample List of Documents to be Turned Over

Declarant should deliver these documents—some are mandated by state law:

- Certified copy of the declaration, as amended, and all supplements
- Association's corporate records and rules and regulations
- Association's funds or control of those funds
- All personal property of the association
- Copies of the plans/specifications used in the construction of the common elements
- All insurance policies and warranties in effect
- Copies of all certificates of occupancy issued for common elements
- All other governmental permits
- Warranties in effect
- A roster of names, addresses and phone numbers of owners and mortgagees
- Employment and service contracts
- Documentation supporting all meetings
- Documentation regarding covenant enforcement and design review
- Resignations of declarant members of executive board and officers
- Certificate of good standing from the secretary of state
- Signature cards and banking resolutions for money accounts
- Prior years' and current budgets
- All state and federal income tax returns
- Tax identification numbers
- Information regarding all service suppliers
- Documentation regarding all liens and claims of the association

What the board should do:

Physical and common elements "audit"
- Determine the condition of the common elements and other physical portions of the community through appropriate engineering or contractor inspections
- Confirm with legal counsel that association owns all common elements
- Compete new or review existing reserve study
- Take a hard look at assessments and budgets—are they sufficient

Organizational "audit"
- Corporate audit for association
- Governing document review—will these work for the association?
- Covenant enforcement audit for issues of breach of covenants, design review, consistency in enforcement, status of claims, possible waiver issues

Additional Resources

Books available from CAI

Community Association Law, 2nd Ed., Cases and Materials on Common Interest Communities, by Wayne S. Hyatt and Susan F. French, 2008.

The Condominium Concept, 13th Ed., 2012-2013, A Practical Guide for Officers, Owners, Realtors, Attorneys, and Directors of Florida Condominiums, by Peter M. Dunbar, ESQ., 2012.

Developer Transition: How Community Associations Assume Independence, by Amanda G. Hyatt, 2004.

Home and Condo Defects: A Consumer Guide to Faulty Construction, by TE Miller, RM Miller & MT Miller, 2012.

The Homeowners Association Manual, by Peter M. Dunbar, ESQ., 2004.

Homeowners Associations: A How To Guide for Leadership and Effective Participation, by John Paul Hanna & Grace Morioca, 1999.

Management Companies: How to Find the Right Community Association Professional, by Michael E. Packard, PCAM, 2007.

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

Other Books of Interest

Collaborative Leadership: How Citizens and Civic Leaders Can Make a Difference (The Jossey-Bass Nonprofit and Public Management Series), by David D. Chrislip and Carl E. Larson, John Wiley & Sons, 2001. ISBN 0787900036.

Best Practices Reports *(available at www.cairf.org)*:

Community Harmony & Spirit

Community Security

Energy Efficiency

Financial Operations

Governance

Green Communities

Reserve Studies/Management

Strategic Planning

Transition

About the National Association of Home Builders (NAHB)

NAHB exists to represent the building industry by serving its members and affiliated state and local builders associations. To achieve an overall mission of member satisfaction, NAHB concentrates on the following goals:

- Balanced national legislative, regulatory and judicial public policy.
- Public appreciation for the importance of housing and those who provide it.
- The premier resource for industry information, education, research and technical expertise.
- Improved business performance of its members and affiliates.
- Effective management of staff, financial, and physical resources to satisfy the association's needs.

NAHB strives to create an environment in which:

- All Americans have access to the housing of their choice and the opportunity to realize the American dream of homeownership.
- Builders have the freedom to operate as entrepreneurs in an open and competitive environment.
- Housing and those who provide it are recognized as the strength of the nation.

To find out more about NAHB, visit www.nahb.org or call 800-368-5242.

About the 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 volunteer leaders, community managers and other professional service providers, legislators, regulators and the media. Our work is made possible by your tax-deductible contributions.

Your support is essential to our research. Visit www.cairf.org or e-mail foundation@caionline.org.

About Community Associations Institute (CAI)

Community Associations Institute (CAI) is an international membership organization dedicated to building better communities. With more than 32,000 members, CAI works in partnership with 60 chapters, including a chapter in South Africa, as well as with housing leaders in a number of other countries, including Australia, Canada, the United Arab Emirates and the United Kingdom. CAI provides information, education and resources to the homeowner volunteers who govern communities and the professionals who support them.

CAI members include association board members and other homeowner leaders, community managers, association management firms and other professionals who provide products and services to associations. 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 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, innovations and best practices in community association development, governance and management.

We believe homeowner and condominium 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. Our mission is to inspire professionalism, effective leadership and responsible citizenship—ideals reflected in associations that are preferred places to call home. Visit www.caionline.org or call (888) 224-4321.

DEVELOPING FUNCTION-SPECIFIC BEST PRACTICES in the community association industry has been a goal of Community Associations Institute and the Foundation for Community Association Research for several years. The Foundation has developed best practices in select topic areas using a variety of sources, including, but not limited to, recommendations from industry experts and various industry-related publications. The outcomes of the Best Practices project include:

- Documented criteria for function-specific best practices.
- Case studies of community associations that have demonstrated success in specific areas.
- A showcase on community excellence.

FOUNDATION FOR COMMUNITY ASSOCIATION
research