

# **HOMEOWNERS' ASSOCIATIONS & CLT STEWARDSHIP**

**Northwest Community Land Trust Coalition Gathering  
May 2019**



# DISCLAIMER

**Homestead Community Land Trust is not a legal firm, and none of its employees are attorneys. None of the information in the following presentation should be understood as legal advice. For answers to legal questions and for legal opinions, consult a qualified attorney.**

# OVERVIEW

- **Our Relationship with HOAs**
- **Curriculum Project**
- **Start Education Pre-Purchase**
- **Training Topics**
- **Building HOA Stewardship Capacity at the CLT**

# OUR RELATIONSHIP WITH HOMEOWNERS ASSOCIATIONS

## Three Homeowners Associations

**Homeowners Association “Lite”**

**Homeowners Association Pre-2018**

**Condominium Association**

**Building a formal, resourced program in anticipation of having 3-4 new associations in the next 2 years**

# **CURRICULUM PROJECT**

**Community Ownership Grant from City of Seattle**

**Develop Leadership Development Curriculum**

**Washington Uniform Common Interest Ownership Act  
2018**

**Standardized governance requirements for all**



# WUCIOA IN A NUTSHELL

- **Formalized and standardized governance of “common interest communities”**
- **Coops, Condominiums and Planned Communities all treated the same with regard to resident governance**
- **Increased oversight of developers and the transition of governance to homeowners**
- **Limited the liability of individual home owners for injuries or damages arising out of the use of common elements or mistakes of the association**

# HOMEOWNERS ASSOCIATIONS MUST

- **Operate democratically and in accordance with governance documents including CC&Rs, Bylaws and State Law**
- **Establish and maintain records for financial accounts and standards for annual reconciliation of accounts**
- **Assess dues and capital contributions in order to maintain common areas**
- **Conduct and update reserve studies**
- **Set and enforce reasonable rules**

# GOOD VS. GREAT

- **Good Associations**
  - **Preserve the positive character of their communities**
  - **Protect property values**
  - **Meet homeowners' expectations**
- **Great Associations**
  - **Cultivate a true sense of community**
  - **Promote active homeowner involvement**
  - **Create a culture of informed agreement**

Source: Community Associations Institute

# PAUSE FOR REFLECTION

**It's Up To All of Us To Maintain Our Homes and Create a Positive Community**

- **What Qualities Do You Want Your Community to Reflect?**
- **What Values Do You Want Your Community to Support?**
- **What is Different About Being an Owner versus a Renter?**



# TYPES OF HOMEOWNERS' ASSOCIATIONS

- **Condominium Association**
- **Cooperatives**
- **Planned Community**

# DIFFERENT TYPES OF HOMEOWNERS' ASSOCIATIONS

- **What all association types share:**
  - **Membership is required**
  - **Democratic governance**
  - **Expenses are shared and are the responsibility of the residents**
  - **Expectation of volunteer participation in governance, shared work and mutual support**

# EDUCATION STARTS BEFORE PURCHASE

**Prospective homeowners should be informed of responsibilities of living in a development with an HOA before they sign a purchase and sale agreement**

**Pre-purchase education should explain**

- **The differences between CLTs and HOAs**
- **What the differences mean for homeowners'**

# WHAT IS A COMMUNITY LAND TRUST?

**A community land trust (CLT) is a private non-profit community organization that holds land in trust in order to provide affordable housing and other resources for low-income people.**

- **Affordable housing**
- **Farming**
- **Commercial Ventures**
- **Community Services**

# WHAT IS A COMMUNITY LAND TRUST?

**We Build &  
Rehab Homes**



**We Make and  
Keep Homes  
Affordable**

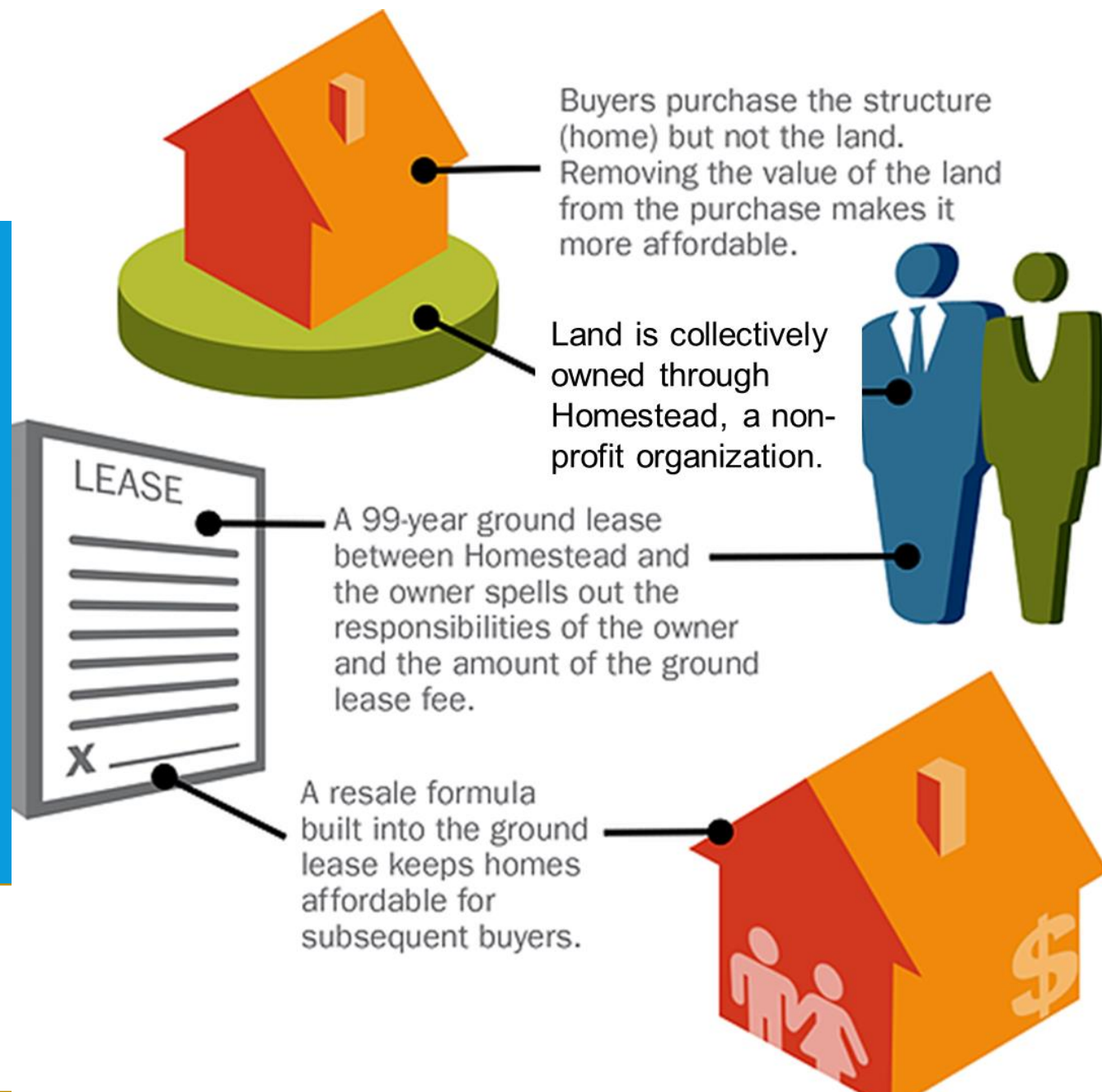


**We Support  
Homeowner  
Success**



# HOW IT WORKS

**Community Land Trust homeownership subsidizes the initial price of the home and controls the future cost increase through agreements with the buyers.**



# COMMUNITY LAND TRUSTS AS HOUSING DEVELOPERS

- **Homestead is a housing developer**
- **Homestead sets up the Homeowners' Association**
- **Residents take over administration of the association after initial sales are complete.**
- **Homestead provides stewardship support**
  - **To individual households**
  - **To the Homeowners' Association's Board**

# COMMUNITY LAND TRUST STEWARDSHIP

**Keeping homes permanently affordable means “forever”**

- **Lower price at first sale and every sale thereafter**
- **Supporting homeowner success**
- **Preserving affordability and the public’s investment**
- **Preventing displacement**

**FOREVER IS A LONG TIME**

# COMMUNITY LAND TRUST STEWARDSHIP

## Support for homeowners

- **Monitoring and referral for financial distress**
- **Assisting in resale of home to income qualified buyer**
- **Resource identification and education maintaining your home**



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# COMMUNITY LAND TRUST STEWARDSHIP

## Support for Homeowners' Associations

- Initial Set-Up
- Trainings
  - Members
  - Boards
- Annual Financial Review
- Quarterly Meetings



# TRAININGS

- **Roles in the HOA**
- **Responsibilities of HOA Board members**
- **Running Meetings and Keeping Records**
- **Managing Finances (Dues, Special Assessments, Reserves)**
- **Working with Management Companies and Professional Advisors**

# TRAININGS

- **Creating Rules, Encouraging Cooperation**
- **Preventing, Managing and Resolving Conflict**
- **Communication**
- **Safety and Security**
- **Equity and Inclusion**

# ROLES IN THE ASSOCIATION

- Homeowners' Associations have democratic structures
  - **Members** – All homeowners are members of the association
  - **Boards** – Elected representatives of the membership that are empowered to act on behalf of the membership. Usually include at minimum President, Vice President, Secretary and Treasurer
  - **Committees or Task Groups** – Subsets of the Board or special volunteer groups that address specific issues or needs

# MEMBERS OF THE ASSOCIATION

- **Members have two areas of responsibility:**
  - **As individual households – to occupy, maintain and use the property in accordance with laws and community agreements**
  - **As part of the association as a whole – to maintain the quality of the property and the lifestyle envisioned by the community**



# BOARD MEMBERS OF THE ASSOCIATION

**Boards of Directors carry out the duties and responsibilities of the association.**

- **Legal authority to transact association business**
- **After transition from Developer established Board, Board officers are elected by the membership**
- **Officers elected – President, Vice President, Treasurer, Secretary – have specific obligations**



# BOARD MEMBERS OF THE ASSOCIATION

- **Duty of care** requires each board member to make informed decisions.
- **Duty of loyalty** requires each board member to act fairly and in good faith for the benefit of the community association.
- **Duty to act within the scope of authority** requires Board members to know exactly what their powers are.

# COMMITTEES OF THE BOARD

**Committees established by the Board are authorized to take specific actions**

**Typical Board committees can include:**

- **Nominating**
- **Maintenance**
- **Dispute Resolution**
- **Events**

**Committees may not assume the legal authority to transact business otherwise reserved for Board or Association as a whole**



# GOVERNANCE

- **Who makes decisions in Homeowner's Association governance?**
- **What is the “hierarchy of governance”?**
- **Day-to-day governance activities**
- **The Board of Directors**
- **Electing members of the Board**

# MEETINGS

- **Types of meetings convened in conducting homeowner association business**
- **Legal requirements of meetings**
- **Creating good meeting experiences**
  - **Transparency**
  - **Organization**
  - **Processes that minimize conflict**

# FINANCIAL MANAGEMENT

- **Budgets help associations manage their finances**
- **What does the Law require?**
- **Reserve Studies**
- **Fiduciary responsibility**
- **Conflicts of Interest**
- **Financial “controls” that protect from fraud**

# MANAGING THE INCOME AND EXPENSE OF COMMON INTERESTS

- **Primary role of Homeowners' Associations to maintain property values including common interests**
- **Examples of common areas or common interests**
  - **Lobbies**
  - **Corridors**
  - **Stairways**
  - **Parking lots, private roads**
  - **Laundry rooms**
  - **Building rooftops**
  - **Elevators**
  - **Storage rooms**
  - **Fitness Facilities**
  - **Community Rooms**

# BUDGET REQUIREMENTS IN WASHINGTON STATE

**Boards are required to**

- **Create and approve budgets**
- **Provide notice of approved budgets to homeowners**
- **Allow homeowners to ratify the budget**
- **Budgets may be ratified by a majority of owners**
- **Boards may propose special assessments**
- **Assessments are only effective if the Board follows legal proceeding on ratification of the budget**

# MANAGEMENT COMPANIES AND ADVISORS

- **Knowing when you need professional help**
- **Hiring the help you need**
  - **Management Associations**
  - **Attorneys**
  - **Accountants**

# RULES AND COOPERATION

- **Hierarchy of Governance – Where do rules fall?**
  - **Reminders of Federal and State Laws Associations must follow.**
- **Why are rules important?**
- **Six criteria for valid rules**
- **How are rules adopted, amended**
- **How are rules enforced?**
- **Creating a culture of cooperation versus compliance**

# CONFLICT

- **Different responses to conflict in human systems**
- **Types of conflict that affect homeowners' associations**
- **Steps to prevent conflict**
- **Resolving conflict**
  - **Face to face discussion**
  - **Formal dispute process**
  - **Third-party dispute resolution**

# IMPORTANCE OF COMMUNICATION

**Inadequate communication is the biggest source of  
homeowner dissatisfaction**

# TOOLS FOR COMMUNICATION

**Association management apps**

**Community websites**

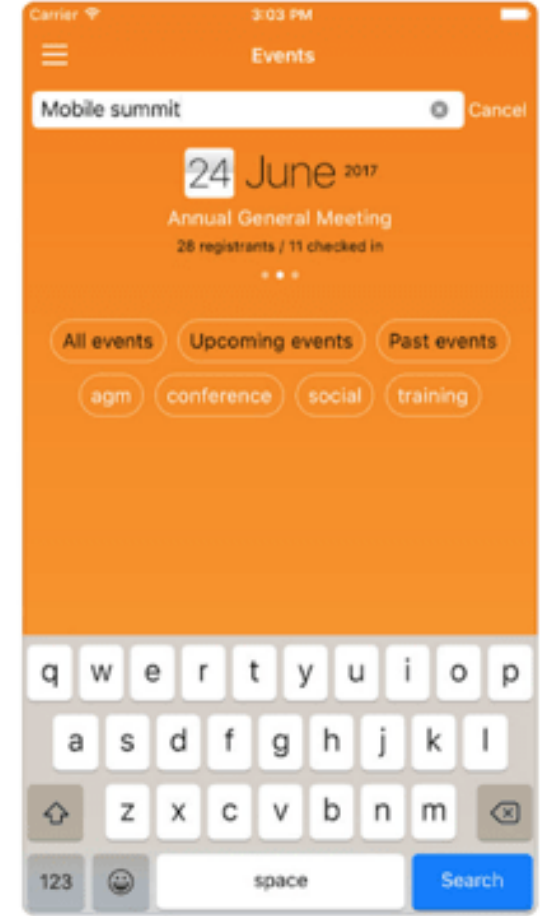
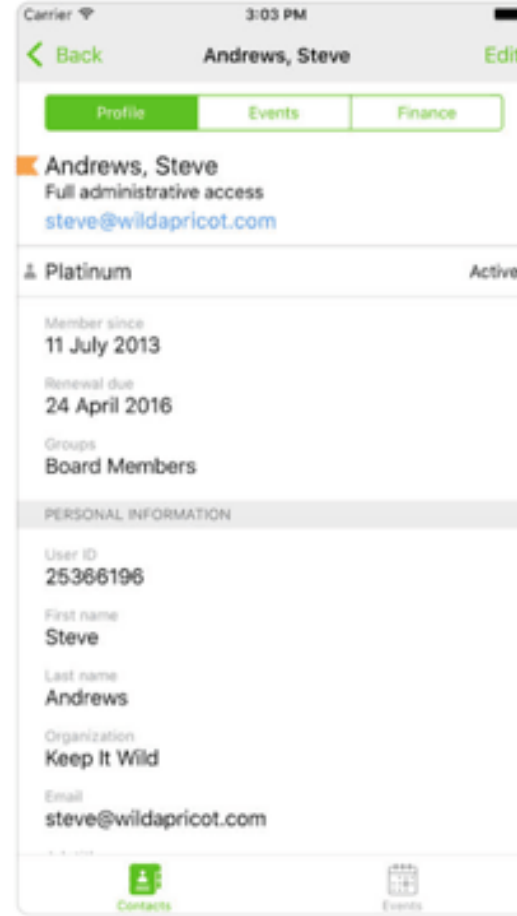
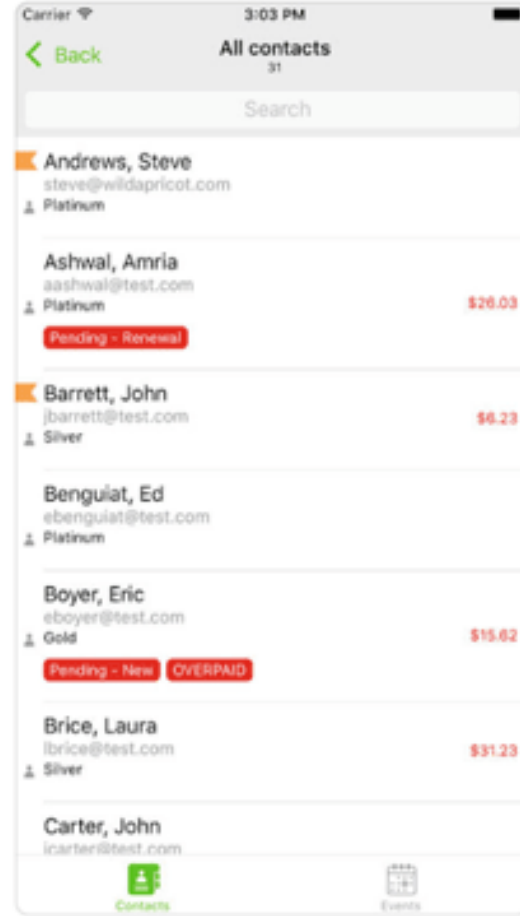
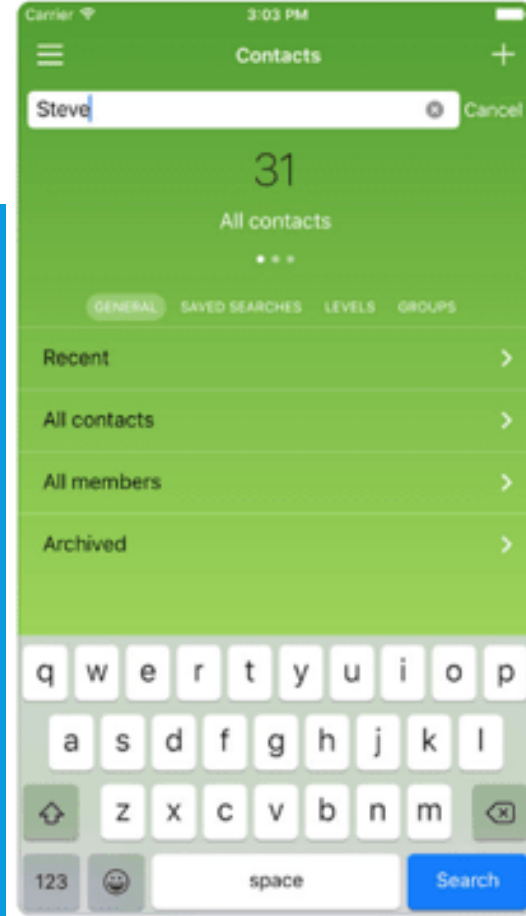
**Community Newsletters**

**Messaging Services – Voicemail, text, email**

# ASSOCIATION APPS

## Association management apps

- **Member information**
- **Dues payment**
- **Email, voicemail and text messaging**
- **Document storage (governing documents, budgets, minutes)**



# COMMUNITY WEBSITES

**Community websites often integrated into association management systems**

**Alternatives Include:**

**Cloud-Based drives**

**Closed Facebook Groups**



[Home](#) | [Documents](#) | [Community Links](#) | [HOA Compliance](#) | [Pictures](#) | [FAQs](#) | [HVC Ordinances](#) | [Blog](#) | [Contact](#)

## Welcome to Sunrise Pointe HOA

Our community website was developed to serve as an informative resource for both our neighborhood and our local community. Please feel free to contact us with your comments and suggestions.

If you would like to volunteer to be on the Neighborhood Watch Committee (NWC), the Architectural Control Committee (ACC) or assist with Newsletters at the website, please email [board@sunrisehoa.com](mailto:board@sunrisehoa.com)

### Join the Sunrise HOA E-Newsletter

Name:   
Email:



announced iteratively with pool neighbors in a private setting and is moderated by volunteers from the Woodlands at Lang Farm social committee, not the Board of Managers.

Please note that all official communication from the WHOA Board will be made through the official Woodlands at Lang Farm web site at <http://woodlandsatlangfarm.com/>

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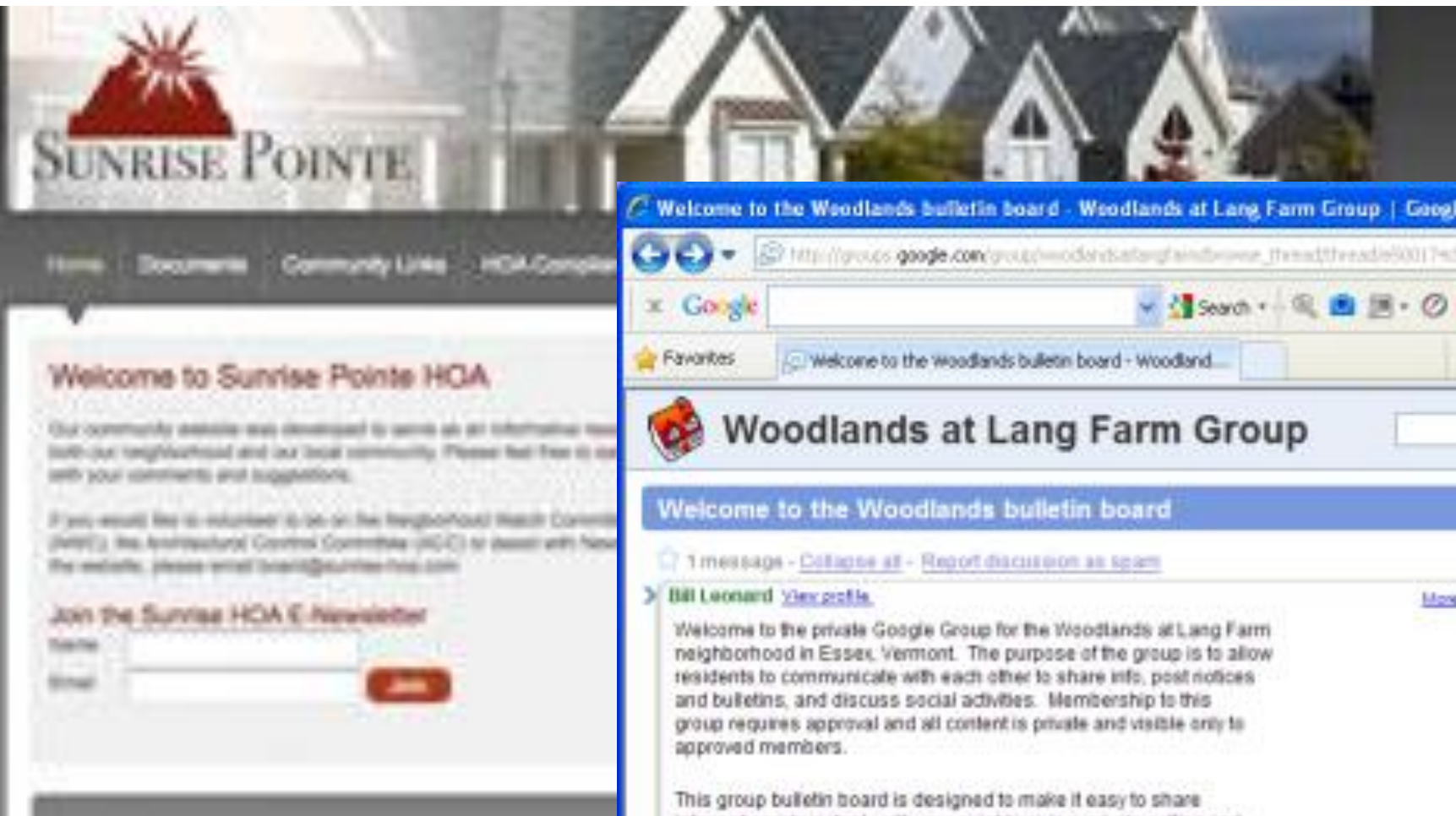
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[HOA Board Member Warning](#)

Internet 100%

HOMESTEAD  
  
Community Land Trust



# COMMUNITY NEWSLETTERS

**Community newsletter software often integrated into association management systems**

**Alternatives Include:**

**“Free” software (has advertising)**

**Outlook Templates**

# MESSAGING SERVICES

**Community association apps often integrate messaging services – text, voicemail**

**Alternatives Include:**

**Group texting apps**

**Group voicemail apps**



# BUILD IT OR BUY IT

**Does your homeowners' association want to do all of its communication as volunteers?**

**Does your homeowners association want to pay for a management firm's help?**

# SAFETY AND SECURITY

- **The HOA's liability for safety and security**
- **The HOA can provide leadership concerning safety and security**
- **Do you need a security assessment?**
- **Tips for creating security and safety**

# EQUITY AND INCLUSION

- **Fair housing means diversity in community**
- **What is Fair Housing?**
- **Differences between discrimination, tolerance and inclusion**
- **Beyond Fair Housing, toward inclusion**

# HANDOUTS

- **Binders for all homeowners:**
  - Governance documents for HOA
  - CLT Bylaws and membership information
- Recordkeeping dos, don'ts
- Annual Calendar
- Officers Roles
- Sample agenda, resolution, minutes, budget, reserve schedule, conflicts of interest policy

# BUILDING STEWARDSHIP CAPACITY ON THE CLT STAFF

Community Association Institute's Board Leadership Development Workshop online course.

Institute of Real Estate Management – Online Community Association Management –COM201 course

Housing and Urban Development (HUD) “Basics of the Fair Housing Act!”

Washington Uniform Common Interest Ownership Act

Best-Practices of Non-Profit Governance

# QUESTIONS



# FOR ASSISTANCE

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