

# Best Practices for Association Management

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## *Review The Basics*



This e-memo and those that follow throughout 2010 are meant to reinforce the basic elements of results oriented association management. Professional management companies have learned from years of experience that care of the community is directly correlated to board members' understanding of fiduciary duties, adherence to community legal documents, continued education of owners, board members and managers as well as care of the association's finances.

### **HOA Lingo – What is a CID?**

A search of history books indicates that the first Common Interest Developments were formed in the United States in the mid-1800s. The idea of a group of property owners equally sharing a common interest often makes financial sense. Even early "homesteaders" shared roads, fences, utilities and other essential services.

It wasn't until the 1960s that the concept of shared ownership and responsibility began to expand and develop into the community association industry as it is known today.

Based on facts provided by Community Associations Institute ®, as of 2008, there were more than 46,300 common interest developments in California. An estimated 38% of all Californians live in a CID. These developments represent private property ownership (of one form or another) that is combined with a shared interest in any type of facility and ultimately governed by covenants, conditions and restrictions ("CC&Rs").

A common interest development may include, but not be limited to:

- Condominiums
- Townhomes (legally considered condominiums)
- Apartment converted to Condominiums
- Mixed use of residential/commercial space
- Custom home developments with shared roads or other amenities
- Master planned communities
- Mid-rise and high-rise buildings
- Co-operatives

Common interest developments are managed through an Association – a

non-profit Corporation. These corporations are also commonly referred to as:

- Homeowners Association
- Condominium Association
- Condominium Homeowners Association
- Property Owners Association
- Community Association
- "Community Name" Association

Despite all the different types and different names, these entities are all considered common interest developments.

The most interesting point is that the actual "management" of the association is placed in the hands of owners represented by elected members of the board, who in turn, often select capable management experts to help them maintain the value of the real property and support the quiet enjoyment of the owners and residents.

