



Community Association Manager Licensing Background and Trends

Prepared By:
Community Associations Institute
Department of Government and Public Affairs

Contacts:

Dawn Bauman, CAE
Senior Vice President, Government and Public Affairs
dbauman@caionline.org

Matthew Green
Director, State Affairs
mgreen@caionline.org

Contents

- Professional Community Association Manager Regulation Map 3
- Executive Summary..... 4
- About Community Associations 4
- Community Association Facts and Figures 5
- The Profession of Community Association Management 5
- State Regulatory Programs 6
 - Category 1 States 6
 - Category 2 States 7
- Conclusion 13
- Appendix A – CAI Community Association Manager Licensing Policy 14
 - Introduction 14
 - Components of Model Legislation 14
 - Privatization Model 17
 - Unacceptable Provisions 18
 - Background 18
 - About CAI 19

Executive Summary

The purpose of professional licensing is to ensure the quality of services offered by a profession to the public. In the case of community association management, a licensure program must ensure the quality of services offered by community association managers to homeowners living in Maryland's community associations.

In the United States, nine states have adopted some form of regulation of professional community association managers. Each state regulation program is diverse from the other, such as age and education requirements. Some programs require managers to complete a background check and obtain a fidelity bond or insurance prior to practicing community association management. Some states through statute created an advisory board, commission or council whose members are a majority of community association managers, to oversee the licensing regime. This is a traditional regulatory approach that CAI supports.

However, state budget issues continue to be the biggest hurdle to enact legislation that creates an oversight board and legislation that we feel fairly balances the needs to protect consumers, raises standards of professionalism, and not to overly burden the businesses engaged in assisting in the management of communities. Therefore, as states consider mandating the licensing of community association managers, CAI also supports the endorsed registration approach.

Similar to the regulation of some professions, the endorsed registration model adopts professional certification standards, but reduces the fiscal impact of certification by allowing the administration of the program by a non-profit entity. This legislation requires professional community managers, in order to conduct business in the state, to hold, at minimum, a designation of a Certified Manager of Community Associations (CMCA) as issued by Community Association Manager International Certification Board (CAMICB). The state will require CAMICB to administer the program, but retain authority to enforce the certification standard by empowering the state regulatory agency to fine or otherwise penalize professional managers who do not comply with the requirements of the act. This approach is used in Connecticut.

Connecticut first adopted its regulatory program in the 1990s. Connecticut originally only required that any individual or company performing management services register with the state Department of Consumer Protection. This provided the state with a census of those practicing community association management, but offered little value for consumers or to those practicing community association management. Understanding this through experience, Connecticut passed legislation in 2012 to require community association managers to complete a nationally-recognized course in community association management and pass a nationally-recognized credential examination. CAI recommends most states adopt a similar, endorsed registration model.

About Community Associations

The growth of community associations – known as condominiums, homeowners associations, housing cooperatives, planned communities, and townhome communities – began to accelerate over 40 years ago. Local municipalities looked to shift the responsibility of delivering municipal services like trash removal, snow removal, street and sidewalk development and maintenance, and other services to community associations. Today in many jurisdictions community associations are required when a new

residential development is proposed, and approximately 25% of residents in the United States live in a community association.

Homes within a community association are identified by mandatory membership through the deed of the home. Owners within the community are required to pay assessments to fund the daily operations of the community association. Assessments paid by association members cover the costs of conducting association business—such as common area maintenance, repair and replacement; essential services; routine operations; insurance; landscaping; facilities maintenance; as well as savings for future needs.

Community Association Facts and Figures

- Approximately 66.7 million Americans live in 26.7 million homes in nearly 333,600 community associations.
- These residents pay \$70 billion a year to maintain their communities. A majority of these costs would otherwise fall to the local government.
- 2.3 million Americans are elected to their community association boards each year, providing over \$1.6 billion in service.
- Homes in community associations are generally valued at least 5–6% more than other homes.¹

According to the Foundation for Community Association Research,

- 90% of residents say association board members “absolutely” or “for the most part” serve the best interests of their communities.
- 83% say they get along well with their immediate neighbors.
- 92% say they are on friendly terms with their association board.
- 83% of residents say their community managers provide value and support to residents and their associations.
- 88% of residents who had direct contact with their community manager say it was a positive experience.
- 70% of residents say their association’s rules protect and enhance property values; only 4% say the rules harm property values.²

The Profession of Community Association Management

Successful community association managers must possess knowledge and skills relating to finance, strategic planning, maintenance, personnel management, insurance, human relations, laws and regulations, communications and covenants enforcement. More than manage, these professionals must also provide sound advice on the vast array of topics addressed by the volunteers who serve on community association boards.

The profession of association management has become increasingly specialized and challenging as communities have become more complex and demanding. The position has taken on even greater importance as local governments continue to cede more responsibility to community associations—

¹ 2014 National and State Statistical Review. Foundation for Community Association Research.
http://cairf.org/research/factbook/2014_statistical_review.pdf

² Americans Grade their Community Associations. A 2014 Public Opinion Survey. Foundation for Community Association Research
http://www.cairf.org/research/Americans_Grade_2014.pdf

from road maintenance and street lighting to recreational amenities and communications (e.g. phone and cable).

Community association managers administer non-profit corporations – community associations – and in general, work for a preset, fixed compensation for specific services provided to the non-profit corporation which administers the association operations.

Community association managers are contracted by the board of directors of the community association, and rarely make independent decisions unless approved, in advance, by the board of directors. The typical duties of a community association manager are:

- Managing meetings of the association.
- Assisting the board by handling correspondence and notices.
- Assisting the board with financial management, budgeting and cash flow of the community.
- Assisting the board by obtaining and maintaining proper insurance for the community.
- Assisting the board by obtaining bids, managing contractors, such as maintenance and construction vendors. Note: community association board of directors approve the contracts and typically sign the contracts between the community association and the contractors.
- Assisting the board by directing the enforcement of community rules; Note: community association board of directors and homeowners in the community develop and approve the rules as directed by state statute.
- Answering questions regarding rules pertaining to the association and helping the board follow fair procedures and due process.
- Assisting the board in understanding the governing documents.
- Assisting the board by ensuring homeowners adhere to the governing documents of the association.
- At the direction of the board, serve as liaisons with service provider vendors; including, but not limited to snow removals, landscape, pool maintenance, etc.
- Resolving conflicts within the community.
- Creating a sense of community within the community; and serve as daily contact for community residents.

State Regulatory Programs

As noted, nine states have adopted some form of regulation of professional community association managers. These states are Alaska, California, Colorado, Connecticut, Florida, Georgia, Illinois, Nevada and Virginia.

These state approaches can be classified into two categories: Category 1 states (early adopters) and Category 2 states (second wave).

Category 1 States

Category 1 states include: Alaska and Georgia. These states are characterized by having adopted statutory provisions that require the licensure of professional community association managers as other real estate professionals, impose a voluntary certification regime, or merely require the registration of professional community association managers with a state entity.

Most of these states adopted their regulatory programs in the 1990s. The more recent programs that were adopted are more sophisticated, offer greater consumer protection and are a much better assessment of professional competency.

While these approaches afford some minimal level of consumer protection and encourage increased professionalism, Category 1 states are characterized by their diverse approach to the regulation of professional community association managers. Registration programs provide the state with a census of those practicing community association management, but offer little value for consumers or to those practicing community association management. Likewise, regimes that regulate professional community association managers as other real estate professionals may not adequately test areas of competency that are critical for success in community association management. While real estate professionals, such as agents and brokers, require a foundation in key real estate competencies which can be of some benefit to a community association manager, the transactional nature of their profession does have distinct and differing requirements than the ongoing governance, administrative and facilitative role professional community association managers are required to fill. As such, CAI believes that using this as the basis for a regulatory regime does not provide an optimum basis for establishing minimal levels of competency nor the full array of consumer benefits provided by recognizing the unique professional challenges of community association management. It should be noted that part of this diversity in regulatory approaches correlates to all of these jurisdictions as being early adopters of such regulatory programs.

Category 2 States

Category 2 states include: California, Connecticut, Colorado, Florida, Illinois, Nevada and Virginia. These states are distinguishable from Category 1 states by their adoption of statutory provisions that regulate professional community association management as a distinct profession. These states are also indicative of the emerging trends in regulation that have subsequently shaped ongoing efforts as evidenced in pending legislation in other states. Connecticut, Florida and Nevada adopted their regulatory program in the 1990s. As a result, these states have been burdened with the expense of developing and administering the entire regulatory program. Originally Connecticut only required that any individual or company performing management services register with the state Department of Consumer Protection. This provided the state with a census of those practicing community association management, but offered little value for consumers or to those practicing community association management. Understanding this through experience, Connecticut passed legislation in 2012 to require community association managers to complete a nationally-recognized course in community association management and pass a nationally-recognized credential examination. Colorado, Illinois and Virginia approached the licensure program similarly to most other professional state licensure programs – through the recognition of a credible program developed through strict standards by practitioners for practitioners, thus creating a program that has a higher level of consumer protection with less expense to the state budget and, ultimately, fewer taxes to the residents in the state.

Category 2 states share many commonalities that should be factors for consideration. These states treat professional community association management as a profession distinct from other real estate professions. Additionally, the states require education focused on core competencies of community association management as developed by industry practitioners and require testing of candidates. Ensuring that regulatory decisions and ongoing administration are informed by experience, these

programs are administered by boards or commissions consisting of managers, homeowners and other community association professionals. Fidelity bonding, continuing education and enforcement mechanisms also provide key consumer protection mechanisms.

Figure 1 – Category 2 Licensing Regime Matrix

State	# CAs (est.)	# CAMs (est.)	CAM Fee	Renew (Years)	Renew Fee	Firms Licensed	Firm Fee	Firm Renewal	Advisory Board
Cali.	43,000	10,000	-	3	-	-	-	-	No
Colo.	9,000	1,250	\$205	1	\$205	Yes	\$175	No	No
Conn.	4,750	245	\$260	1	\$200	No	-	-	No
Florida	46,000	17,000	\$228	2	\$105	Yes	\$105	Yes	Yes
Illinois	17,900	1,600	\$300*	2	\$300*	Yes	TBD	Yes	Yes
Nevada	3,200	650	\$200	2	\$200	No	-	-	Yes
Virginia	8,400	135	-	1	-	Yes	\$100 +	Yes	Yes

* Currently under regulatory revision

+ \$100 firm application fee, the \$25 recovery fund fee, and an annual assessment. The annual assessment is calculated by multiplying the applicant's gross receipts from the preceding year by 0.0005, the maximum assessment being \$1,000.

Figure 1 shows the approximate number of community associations (CA) and community association managers (CAM) in the state; the initial licensing fee; renewal period and fee; whether firms are required to be licensed, their fee, and renewal; and whether the programs has an oversight board whose members consist of a majority of those practice the profession it regulates. The amount of community association managers in California and Colorado is estimated by the estimated amount in the United States divided by the percentage of community associations in the state. Note the California number does not differentiate those acting as “certified common interest development managers” and managers not holding themselves out as certified. The remaining states are figures based off reports from their licensing regime.

Figure 2 – Category 2 State Licensing Requirements Matrix

State	Age	Background √	Pre-license Education	Experience	Exam	Recognize CAI Cred.	Cont. Ed.	Insurance
Cali.	-	No	30 Hours	-	Yes	No	30 Hours	No
Colo.	18	Yes	24 Hours	-	Yes	Yes	8 Hours	Yes
Conn.	-	Yes	1 Course	-	Yes	Yes	*	Yes
Florida	18	Yes	18 Hours	-	Yes	No	20 Hours	No
Illinois	21	No	20 Hours +	+	Yes	Yes	*	Yes
Nevada	18	Yes	60 Hours	12 Months	Yes	No	18 Hours	No
Virginia	±	±	±	±	±	Yes	±	Yes

* Currently under regulatory revision

+ Supervising CAMs will need an additional 10 hours of pre-license education and need to be licensed at least 1 out of the last 2 years as a manager.

± See Virginia summary and statute.

Figure 2 shows how the requirements of the states’ programs differ. The matrix shows the minimum age requirement to begin practicing community association management; whether a manager must submit to a background check; the amount of pre-license education required; whether managers must submit to a state-approved or course related examination on community association management; whether the statute or regime recognizes CAI credentials or CAMICB’s CMCA designation; the amount of continuing education required to renew the license; and whether a minimum amount insurance is required by the state.

California

Statute: [Business and Professions Code. Section 11500-11506](#)

California has developed detailed and unique laws relating to community associations. Community association managers who practice in California must be familiar with a broad range of state-specific laws and regulations pertaining to community associations so they can serve their client associations effectively. A person may perform the services as a community association manager and hold themselves out as a manager in the state without becoming certified; however, it is considered an unfair business practice for someone to hold themselves out as a “certified common interest development manager” (CCIDM) without complying with state code.

This is considered a voluntary certification regime. In order to market services as a certified community association manager, an applicant must demonstrate they have either passed an examination or achieved a certification designated by a professional association for community managers within the preceding five years and have completed other educational requirements. Educational requirements include no less than 30 hours of classroom coursework with a provision requiring specific instruction on California law. Professional managers not undertaking the requirements of this act can engage in the practice of community association management, but they may not hold themselves out as certified.

Colorado

Statute: [Title 12. Article 61. Part 10.](#)

Regulations: [4 CCR 725-7](#)

Legislation was enacted in 2013 to require, beginning July 1, 2015, community association managers, management company CEOs and executives of management companies who directly supervise managers to be licensed in Colorado.

A licensed community association manager must be at least 18 years old with either a high school diploma or the equivalent general education development certification; have a professional community management credential; pass a two-part (general competency and state-law) examination; obtain a state and national fingerprint-based criminal history background check conducted by the Colorado Bureau of Investigation (CBI) in the Department of Public Safety; and maintain a policy of professional malpractice insurance in an amount and under terms and conditions specified by rule.

Managers who hold the following credentials are exempt from the pre-licensing education requirement, but must still pass the CMCA examination, or state-approved general competency portion of the exam, and the state-law portion of the exam:

- Certified Manager of Community Associations (CMCA) certification awarded by the Community Association Managers International Certification Board (CAMICB);
- Association Management Specialist (AMS) designation awarded by Community Associations Institute (CAI);
- Professional Community Association Manager (PCAM) designation awarded by CAI; or,
- Any other credential identified by the Director of the Division of Real Estate.

In order to license those new to the profession, Colorado provides for apprentice licenses. Law defines “apprentice” as a person who:

- Has not completed the education and examination requirements for obtaining a community association manager license;
- Is under the control and direct supervision of a licensed community association manager; and,
- Is licensed with the director for purposes of learning and performing any practices that require a community association manager license.

Connecticut

Statute: [Chapter 400b](#)

Regulations: [Section 20-461](#)

Connecticut requires that any individual or company performing management services register with the state Department of Consumer Protection (DCP). The state requires those registered as community association managers for less than ten years to complete a nationally-recognized course in community association management and pass the CMCA exam developed by CAMICB, or a similar certification determined by the DCP. Additionally, applicants must submit for a criminal background check. Those interested in becoming a community association manager must first register with the state then within one year comply with the education and examination requirements.

Florida

Statute: [Title XXXII. Chapter 468. Part VIII.](#)

Regulations: [Chapter 61-20](#)

Florida regulates community association managers through the Regulatory Council of Community Association Managers, also known as the CAM council. In general, the term “community association” means a residential homeowners association in which membership is a condition of ownership of a unit or of a lot for a home or a mobile home or of a townhouse, villa, condominium, cooperative, or other residential unit which is part of a planned unit development or residential development scheme and which is authorized to impose a fee which may become a lien on the parcel.

Under the Florida program, a “community association manager” is a person who is licensed to perform community association management services including the following: practices requiring substantial specialized knowledge, judgment, and managerial skill when done for remuneration and when the association or associations served contain more than 50 units or have an annual budget or budgets in excess of \$100,000; controlling or disbursing funds of a community association; preparing budgets or other financial documents for a community association; assisting in the noticing or conduct of community association meetings; coordinating maintenance for the residential development; and other day-to-day services involved with the operation of a community association.

Florida exempts workers who perform clerical or ministerial functions under the direct supervision and control of a licensed manager or who are charged only with performing the maintenance of a community association and who do not assist in any of the management services described.

In addition to licensure of individual community association managers, community association management business entities must register under the state’s business registration program.

Illinois

Statute: [225 ILCS 427](#)

Regulations: [Section 1445](#)

The Illinois Community Association Manager Licensing and Disciplinary Act is a law passed by the Illinois General Assembly in 2009 that requires professional community association managers to obtain a professional license to work in the state. The law became effective July 1, 2010. During the 2013 legislative session, the Act was significantly amended to provide for the additional licensing of a supervising community association manager and the licensing of a community association management firm. The effective date of the amendment was January 1, 2014.

Under the new Act, any person, corporation, partnership, limited liability company, or other entity providing community association management services to any community association in Illinois will be required to hold a license issued by the Illinois Department of Financial and Professional Regulation. The act defines the role of a community association manager, supervising manager, and firm and imposes licensing requirements.

Such requirements for a community association manager include 20 hours of classroom instruction as well as passage of an approved examination. An examination that meets such criteria is the CMCA exam developed by CAMICB. Candidates who have achieved a CAI issued designation such as an Association Management Specialist® (AMS), Professional Community Association Manager® (PCAM) or similar

designations issued by the Institute of Real Estate Management are deemed to have met the criteria for licensure. The act also provides credit for experience and reciprocity for licensees from other states. Managers are subject to discipline by the board.

A supervising community association manager is an individual licensed as a community association manager who manages and supervises licensees in an office. A firm must designate a licensed supervising manager to supervise and manage the firm, and the manager may not be the manager of more than one firm. In addition to applying and paying the required fees (to be determined in regulatory development), a supervising community association manager additional qualifications, such as: be licensed at least one out of the last two years as a manager; have completed 30 hours of community association management courses - 20 must be pre-licensure and 10 additional completed the year after filing the application; and have passed an examination authorized by the Department. New rules must be developed due to the additional licensing tiers. As of October 2015, the Rules regulating the amended program and continuing education requirements have yet to be drafted.

Nevada

Statute: [Chapter 116A](#)

Regulations: [Chapter 116A](#)

In Nevada, professional community association manager regulations are overseen by the Commission for Common-Interest Communities. Nevada law prohibits a person from acting as a community association manager without certification. Applicants seeking certification as a community association manager must meet the following requirements: successfully completed at least 60 hours of instruction in courses in the management of a common-interest community that has been approved by the commission, engaged in the management of a common-interest community or has held a management position in a related area for at least twelve months preceding the date of application, passed an examination with a minimum score of 75 percent and submit two fingerprint cards completed at an authorized law enforcement facility. Additionally, Nevada requires 18 hours of continuing education every two years with at least three hours focused on state law related to community associations.

Virginia

Statute: [Title 54.1. Chapter 23.3.](#)

Regulations: [Title 18. Agency 48. Chapter 50.](#)

Under the Virginia Code, any company engaged in common-interest community management services must be licensed to do so in the state. A company or firm is defined as any sole proprietorship, association, partnership, corporation, Limited Liability Company, limited liability partnership or any other form of business organization recognized under the laws of Virginia.

The Virginia licensure program is overseen by the Virginia Common-Interest Community Board (CICB), an oversight board specifically responsible for creating and interpreting regulations for the community association licensure program.

To obtain a license, companies must hold an active Accredited Association Management (AAMC) credential from CAI. Firms that do not hold an AAMC must designate at least one qualifying individual (supervisory employee, officer, manager, owner or principal) involved in all aspects of management services who meets one of the following: active designation as a PCAM; successful completion of a

board-approved comprehensive training program and at least three years of qualifying experience; successful completion of a board-approved introductory training program and at least five years of qualifying experience; or knowledge obtained through documented course work submitted to the board and at least ten years of qualifying experience.

All applicants must also certify that at least half of individuals with principal responsibility for providing community association management services meet one of the following: active PCAM designation and 12 months of experience providing community association management services immediately prior to applying; OR two years of experience providing community association management services – with a minimum of 12 months experience gained immediately prior to applying – and one of the following: active designation as a CMCA; AMS; or successful completion of a board-approved comprehensive course or introductory training program.

Companies must also carry a blanket fidelity bond or an employee dishonesty insurance policy. The policy must provide coverage in the amount of either \$2 million or the aggregate amount of the operating and reserve balances of all associations under the control of the common-interest community manager during the prior fiscal year. Firms may choose the lesser of these two options.

Employees of a licensed company with principal responsibility for community association management services or supervisory responsibility for employees who participate directly in providing community association management services must: obtain a certificate issued by the board (within two years after employment) or work under the direct supervision of a certified principal or supervisory employee.

More Information

For more information and resources on these states, please visit: www.caionline.org

Conclusion

Community associations are home to over 66.7 million Americans. A well-governed and managed community association benefits not just the residents, but all citizens. Community association property appreciates and retains value at a higher rate than non-community association property. In addition, since community associations provide for many of their own amenities, they serve to reduce the tax burden on state and local governments.

With budget constraints challenging all but a few states, CAI recommends to legislatures looking to license community association managers to enact legislation that requires managers to hold, at minimum, a CMCA credential as issued by CAMICB. In doing so, CAMICB would administer the program, but the state would retain authority to enforce the certification standard by empowering the state regulatory agency to fine or otherwise penalize professional managers who do not comply with the requirements. It should be noted that this approach is not compatible with all state constitutions, but where it is, it provides a mechanism for consumer protection and professionalism that is more realistic considering current state budget constraints.

Appendix A – CAI Community Association Manager Licensing Policy

Introduction

Community Associations Institute (CAI) encourages the self-regulation of the community management profession through professional certification and designation programs developed by industry professionals for the profession.

CAI endorsed credentials for individual community managers include:

- Certified Manager of Community Associations® (CMCA) administered by the Community Association Managers International Certification Board (CAMICB)
- Association Management Specialist® (AMS)
- Professional Community Association Manager® (PCAM)

CAI endorsed accreditation for management companies includes:

- Accredited Association Management Company® (AAMC)

In states that either propose or begin discussions related to mandatory regulation of community association managers, CAI will support a regulatory system that includes the following:

- Adequate protections for homeowners living in community associations;
- Mandatory education and testing on fundamental knowledge of community association management and operations;
- Definition and enforcement of standards of professional and ethical conduct; and,
- Appropriate insurance requirements.

CAI will support a regulatory system that provides legal recognition of the community association management profession and provides assurances to the public that individuals representing themselves as being involved in the profession have met minimum qualifications for education and/or experience as a community association manager.

CAI prefers the licensure of individual community association manager practitioners as opposed to licensure of management companies.

The CAI Manager Licensing Public Policy and Model Legislation propose two acceptable models: licensure under a professional regulatory department within the state; or, privatization of the licensure program.

Components of Model Legislation

To ensure adequate consumer protection and appropriate representation of the community association management profession and to obtain CAI support for the adoption of legislation regulating community association managers, the following provisions must be included in the legislation.

Definitions

“Community Association Manager”

If the term “community association manager” is not included or defined properly in legislation, community association managers may be required to become real estate brokers, property managers or

members of other professions. “Community Association Managers” must be distinguished from brokers and property managers in any legislation. Sample definitions include:

- An individual who, in an advisory capacity, for compensation or in expectation of compensation, whether acting as an independent contractor to, employee of, general manager or executive director of, or agent of a common interest development, provides management or financial services, negotiates an agreement to provide management or financial services, or represents himself or herself to act in the capacity of providing management or financial services to a common interest development.
- An individual who may be a partner in a partnership in the capacity to advise and direct the activity of a licensee, or who acts as a principal on behalf of a company that provides management or financial services to a common interest development.
- An individual operating under a fictitious business name that provides management or financial services to a common interest development.
- An individual who agrees to provide management or financial services to a common interest development.
- A supervisor of an individual who provides management or financial services to a common interest development.

“Board”

Board means the Community Association Manager Regulatory Board.

Qualifications

- A. Require an objective examination that tests community association management knowledge.
- B. If community association managers are to be regulated, they must be tested on their knowledge of community association management, not a different professions' body of knowledge or an examination based solely on state-specific law; the state shall recognize Certified Manager of Community Associations® (CMCA) examination as the objective examination.
- C. For states that want to test state-specific law, a separate section can be added to the CMCA examination.
- D. Require relevant community association management education as a prerequisite to sit for the examination; this educational requirement will be CAI’s M-100: The Essentials of Community Association Management course.

Require Relevant Continuing Education Requirements

- A. Continuing education must be mandated.
- B. The continuing education requirements must specifically relate to community association management or topics that assist in a manager’s professional development (e.g., accounting, office administration and public administration).
- C. At least some portion of the continuing education must cover state-specific law governing the operation of community associations.

Standards of Professional and Ethical Conduct and Disciplinary Authority

- A. Community association managers must be required to follow professional and ethical standards.

- B. The Standards of Professional Conduct created by the National Board of Certification for Community Association Managers (CAMICB) shall be used as the foundation for a state's standards.
- C. There must be some form of enforcement of the ethical standards. Due process provisions must also be present in the provision.

Regulatory Board

- A. A governance board shall be appointed to oversee the regulatory program (unless privatization model is utilized).
- B. The legislation shall create a governance board whose members are appointed by the Governor with the specific role of developing and interpreting the regulations of the community association manager regulatory program.
- C. The governance board must consist primarily of community association managers.
- D. Any community association manager regulatory program should be administered by an entity or state department that regulates professions and/or occupations.
- E. The Real Estate Commission of a particular state should not govern the community association manager regulatory program.

Responsibility of the Board shall include:

- A. Promulgation and interpretation of all rules and regulations reasonable and necessary to implement the provisions of the legislation;
- B. Review, approval and rejections of applications for licensure, renewal and reinstatement;
- C. Issuance of licenses;
- D. Denial, suspension, revocation or other discipline of a licensee;
- E. Disciplinary authority, rule promulgation, interpretation and enforcement;
- F. Determination of fees associated with the licensure program; and,
- G. Meet on a regular basis to provide proper rule promulgation and interpretation.

Grandfather Provisions

A grandfather provision permits community association managers currently practicing in the state to become licensed and/or regulated without having to take the prerequisite educational course or the examination if certain criteria are met. Criteria should include recognition of experience or professional credentials.

- Hold an active Professional Community Association Manager[®] (PCAM) designation from Community Associations Institute (CAI).
- Hold an active Association Management Specialist[®] (AMS) from Community Associations Institute (CAI).
- Hold an active Certified Manager of Community Associations[®] (CMCA) from Community Association Managers International Certification Board (CAMICB).
- Has successfully completed CAI's M:100 Course: Essentials of Community Association Management and have at least five years of experience as a community association manager, with at least twelve months of the experience immediately preceding application for the license.

Exemptions from Licensure

Except as otherwise provided, licensure requirements shall not apply to:

- A. A licensed practicing attorney acting solely as an incident to the practice of law;
- B. A licensed practicing certified public accountant acting solely as an incident to the practice of accounting;
- C. Any person acting as a receiver, trustee in bankruptcy, administrator, executor or guardian acting under a court order or under the authority of a will or a trust instrument; or,
- D. A declarant.

Fidelity Bonds and Segregation of Accounts

No licensee shall control, collect, have access to or disburse funds of a community association unless, at all times during which the licensee collects, has access to or disburses such funds, there is in effect, a fidelity bond complying with the provisions of this section.

- A. The fidelity bond referred to in this section shall be written by an insurance company authorized to write such bonds in the state and except as provided by subsection (b) of this section and shall cover the licensee by either or both his management company or the community association client. Optional coverage known as a crime insurance policy, where available and applicable, may be obtained by the licensee, the licensee's management company or the community association client.
- B. A licensee who provides community association management services for more than one community association shall maintain separate, segregated accounts for each community association. Such funds shall not, in any event, be commingled with the licensee's or firm's funds or with the funds of any other community association. The maintenance of such accounts by the licensee shall be custodial and such accounts shall be in the name of the respective community association.

Annual Report for Common Interest Development Communities (optional component to track community associations in the state).

The Board shall develop the regulations regarding the information required in the Annual Report and related fees. The declarant or common interest development community shall file an annual report in a form and at such time as prescribed by regulations of the Board. The filing of the annual report required by this section shall commence with the declarant when development of the association begins and through the life of the common interest development community.

Privatization Model

Privatization model legislation shall include a definition of a community association manager, exemptions from licensure and name of the required professional credentials in order to do business as a community manager in the state. There will be no fees, no regulations and no government created oversight board. The Act will state that community association managers in the state must comply with one of the following:

- Hold an active Professional Community Association Manager[®] (PCAM) designation from Community Associations Institute (CAI).
- Hold an active Association Management Specialist[®] (AMS) from Community Associations Institute (CAI).
- Hold an active Certified Manager of Community Associations[®] (CMCA) from Community Association Managers International Certification Board (CAMICB).

Unacceptable Provisions

The following provisions have been deemed unacceptable provisions in legislation that regulates community association managers. In the event one or more provisions are present in the legislation, CAI will not support the legislation:

1. Registration of community association managers or community association management companies. Registration creates an official list of persons. Registration presumes the existence of the right to engage in activity and makes it illegal to practice in a regulated occupation without being registered. It does not assure the public of qualified practitioners.
2. Requirement that community association managers work under a real estate broker.
3. Legislation may distinguish community association managers from property managers and real estate brokers. However, requiring community association managers to work under real estate brokers or property managers is inappropriate.
4. Requirement that community association managers obtain a “property management” license. A property management license ignores the distinction between property managers and community association managers. Community association managers obtaining this license will not obtain the necessary education to manage community associations, since community associations will be only one of the several subjects required for a property management license.
5. Requirement that community association managers obtain a “real estate” license or obtain “real estate” education requirements. Community association management and real estate brokerage require different knowledge and skill sets. Requiring community association managers to take real estate educational courses eliminates the distinction between the two professions and inadequately prepares managers for community association management.
6. Allowing real estate brokers and agents to manage community associations without appropriate training, education and regulation.

Background

CAI supports the protection of homeowners and community associations through increasing professionalism, the training of community association managers and appropriate insurance coverage. CAI also supports the national certification program – CMCA, sponsored by CAMICB.

State legislatures have attempted on several occasions to regulate community association managers. Past legislation has attempted to license community association managers as real estate brokers, salespersons or property managers. By definition, property managers perform facilities management and leasing services – not community association management. Community association managers perform additional/different job functions, requiring different knowledge than that required of real estate brokers, agents or property managers. Any regulation of community association managers as brokers, agents or property managers does not provide community association residents the assurance that these managers have the knowledge and skills required for professional community association management. While licensure of real estate brokers, agents or property managers protects consumers in sales transactions, it does not protect consumers during the ongoing management and operation of community associations.

The CMCA program provides many of the same requirements as state licensure. The program requires prerequisite education; a comprehensive examination of entry-level knowledge that was developed

based upon rigorous standards set forth by the National Commission for Certifying Agencies; required adherence to CMCA Standards of Professional Conduct; enforcement of those Standards; and continuing education requirements. The CMCA program allows the state to have licensed professionals without requiring the state to create a new regulatory bureaucracy to administer a licensure program. Therefore, states do not have to license or otherwise regulate community association managers. States should accept CAMICB's national certification program in lieu of state licensure.

About CAI

CAI is a national organization dedicated to fostering vibrant, competent, harmonious community associations. For 40 years, CAI has been the leader in providing education and resources to the volunteer homeowners who govern community associations and the professionals who support them. Our members include community association volunteer leaders, professional managers, community management firms and other professionals and companies that provide products and services to associations.

Working closely with our state, regional and approximately 60 local chapters, we bring together experts to provide the latest information on community association management and governance. We serve our members with books, seminars and workshops, research, continuing education and periodicals, including Common Ground magazine and specialized newsletters on community association management, governance and law.

CAI also advocates for legislative and regulatory policies that support responsible governance and effective management. We represent the interests of our members before the U.S. Congress, federal agencies and other policy-setting bodies on issues such as taxes, insurance, bankruptcy reform and fair housing. In addition, CAI members work through 35 state Legislative Action Committees to represent community association interests before state legislatures and agencies.

Community Manager Certifications/Designations:

In response to a desire by professional community association managers, CEOs and homeowners to advance professionalism in the practice of community management, CAI and CAMICB have developed manager certification and designation programs. The certification and designation programs focus on both individual professionals as well as management companies. The program is supported by CAI's Professional Manager Development Program (PMDP) which consists of three levels of courses designed to give new managers a knowledge base and experienced managers a deeper understanding of all aspects of association management. Courses focus on such topics as insurance, finance, leadership, governance and communications.

Our professional development track includes a certification, and four categories of designations which include:

CMCA: The Certified Manager of Community Associations® (CMCA®) is a certification program developed by the Community Association Managers International Certification Board. The CMCA is the only national certification program designed exclusively for condominium, cooperative and homeowner association managers. To achieve this designation, a professional community manager must successfully complete the Community Association Institute's Professional Management Development Program course, The Essentials of Community Association Management (M-100). Candidates must also pass an

examination that tests basic knowledge in key areas that include: governance and legal matters, financial matters, financial controls, risk management and insurance, maintenance, contracting, meeting management, human resource management, and ethics. Candidates must also agree to adhere to standards of professional conduct and must continue their education with additional continuing education requirements.

AMS: An Association Management Specialist is the first tier designation. AMS candidates have achieved certification as a CMCA, plus have engaged in at least 16 additional hours of intensive instruction on law, communications, operations, and asset protection. Candidates must also demonstrate a minimum of two years' experience in financial, administrative, and facilities management for community associations. AMS designees must also adhere to CAI's Professional Manager Code of Ethics and engage in continuing education.

PCAM: A Professional Community Association Manager designation is CAI's highest professional designation. A PCAM has gained an understanding of all aspects of community association management by meeting the extensive requirements of the designation which include a minimum of five years of comprehensive experience in financial, administrative, and facilities management for a community associations; more than 80 hours of intensive instruction in law, communication, operations, and asset protection, and completion of a case study. Candidates must also engage in continuing education, volunteer service to the profession and adhere to the Professional Manager Code of Ethics.

LSM: Large Scale Manager designees have completed CAI's Professional Manager Development Program, conducted a community case study and have completed ten years of community management. In addition to these accomplishments, LSM designees are also engage in a variety of leadership roles within the management community to further the goal of professionalism and community building.

AAMC: An Accredited Association Management Company is CAI's designation for management companies. Companies holding an AAMC have demonstrated at least three years of experience in community association management, have a PCAM designee as the company's most senior manager and have a staff in the field with at least 50 percent of the company's managers holding a PCAM, AMS or CMA. All staff of an AAMC company must complete twelve hours of continuing education every two years.