



CONCERNS ABOUT COMMUNITY MANAGEMENT RECEIVED BY COMMON INTEREST COMMUNITY LIAISON

Information provided to Virginia Housing Commission
Common Interest Communities Workgroup
October 4, 2007

Following is a summary of issues regarding community managers and management companies, as received by the Common Interest Community Liaison. The topics expressed reflect general concerns and allegations, although the Liaison cannot determine the extent or veracity of the assertions.

In accordance with § 55-530 of the *Code of Virginia*, the Liaison serves as an information resource on laws, regulations and issues regarding the governance, administration and operation of common interest communities such as property owners' associations and condominium associations.

- **Board governance and meeting notification.** Allegations of management companies failing to follow community documents on Board member qualifications, such as allowing non-owner residents when documents only allow owners to serve. Concerns regarding managers failing to notify owners of meetings in accordance with association documents and statutory requirements, or allowing Boards to meet without notification and act of decisions from closed sessions.
- **Certificate registration filing.** Concerns regarding expired certificates for associations whose management contracts indicate the manager will file all necessary registrations. Incomplete initial and renewal registrations in which the manager fails to include required information such as annual meeting month, federal tax identification number, or size of community. Allegations of managers paying "late fees" to the Real Estate Board when none are collected.
- **Vendors and outsourcing.** Allegations of management companies charging late fees back to associations when management failed to make on-time payments for utilities, trash, landscaping and other vendor services. Concerns about contracts entered into by management companies, on behalf of associations, that are not provided to board members (or are supplied only after charging copying costs). Hiring unlicensed or inappropriate vendors, although most management agreements state management will attempt to locate qualified vendors. Outsourcing packet preparation without Board knowledge and collecting seller fees directly; outsourcing "routine" work without a contract; outsourcing community inspections without Board involvement.

- **Scope of practice.** Allegations of unlicensed activity for managers who lease association units/dwellings on behalf of owners without a real estate license.
- **Financial practices.** Concerns regarding management companies acting as sole signatory on association bank accounts (operating and reserve), rather than officers/directors of the association. Failure to provide bank statements, supplying instead only statements generated by the management company. Allegations of management companies "holding" assessments until grace period expires in order to collect late fees.
- **Disclosure packets/resale certificates.** Allegations of management companies failing to comply with new (2007) law requiring fees for packets/certificates be disclosed and established in contract. For instance, managers only notifying of fee change without updating contracts, or managers amending contracts by referencing statute without specifying the fee.
- **Statutory compliance generally.** Allegations of management companies failing to pick up certified mail from an owner within statutory timeframe; failing to provide meeting agenda for owner inspection; refusing to supply Board officer addresses in annual reports; and charging inflated fees for record inspection even when contracts do not address such charges.

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