

2nd EDITION

FLORIDA

COMMUNITY ASSOCIATION MANAGEMENT



Dearborn™
Real Estate Education

Florida Community Association Management

2nd Edition

This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is sold with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional advice. If legal advice or other expert assistance is required, the services of a competent professional should be sought.

FLORIDA COMMUNITY ASSOCIATION MANAGEMENT SECOND EDITION
©2022 Kaplan North America, LLC
Published by DF Institute, LLC, d/b/a Dearborn Real Estate Education and
Kaplan Real Estate Education
1515 West Cypress Creek Road
Fort Lauderdale, Florida 33309

All rights reserved. The text of this publication, or any part thereof, may not be reproduced in any manner whatsoever without written permission from the publisher.

10 9 8 7 6 5 4 3 2 1

ISBN: 978-1-0788-3101-7

10 9 8 7 6 5 4 3 2 1

ISBN: 978-1-0788-4399-7 (custom)

CONTENTS

Introduction.....	v
UNIT 1	
The Community Association Management Business.....	1
Community Association Living.....	1
Introduction to Community Association Management.....	3
Web Links.....	19
Unit 1 Quiz.....	20
UNIT 2	
Qualifications for Licensure and Application Process.....	21
Department of Business and Professional Regulation (DBPR)	21
Community Association Manager Application Process.....	25
Web Links.....	44
Unit 2 Quiz.....	45
UNIT 3	
Community Association License Law and Governing Statutes.....	47
Community Association License Law.....	47
Web Links.....	64
Unit 3 Quiz.....	68
UNIT 4	
Association Structure and the Roles and Responsibilities of the Developer and Unit Owners.....	69
Association Structure and Regulation.....	69
Rights, Privileges, and Obligations of the Developer	74
Rights, Privileges, and Obligations of the Unit Owner	79
Unit 4 Quiz.....	80
UNIT 5	
Association Elections.....	81
Election Process and Format	81
Web Links.....	106
Unit 5 Quiz.....	107
UNIT 6	
Conducting Association Business	109
Association Business and Leadership.....	109
Association Records.....	120
Unit 6 Quiz.....	135

UNIT 7

Financial Responsibilities of the Association137

Association Budgets and Finances 137

Web Links 158

Unit 7 Quiz..... 159

UNIT 8

Association Manager’s Roles and Responsibilities161

Association Manager Role 161

Unit 8 Quiz..... 173

UNIT 9

Associations and Insurance175

Insurance for Community Associations 175

Insurance for Directors, Officers, and Employees 180

Disaster Planning and Preparedness 182

Unit 9 Quiz..... 199

APPENDIX

Community Association Management State Exam Preparation201

Exam Taking Strategies..... 201

State License Exam Process 203

Preparing for the Interview 208

Unit Quiz Answer Key..... 211

Act Definitions..... 217

INTRODUCTION

Congratulations on your decision to learn more about the community association management business and career! This industry has grown by leaps and bounds over the past 10 years, and as you may have noticed, it is only continuing to grow as more and more developments are created and the real estate market rebounds. The interesting aspect of this career is that even when real estate sales are down and declining, it is a natural migration for real estate agents to join the community association services industry.

One primary challenge that many associations experience in the beautiful state of Florida is attracting new residents from all over the country year after year. Many people who move to Florida find themselves in an entirely new environment with association living. Although it sounds like a great idea for keeping property values up, there is usually some give and take. Rules were established when the community was developed and keeping consistency within a community and property assets at their highest, often means that there is some control, as well as giving up some freedoms in order to keep that uniformity.

Many times, those moving into our association-organized neighborhoods do not completely understand the way the association is set up to work. Those who are excellent problem solvers and ready for speedy resolutions must first understand that this is a business. Associations are designed to be run as a business and, therefore, the thoughts that govern each board member's role is the use of prudent business judgment. This one aspect alone can create much controversy for the board member who believes that the board of directors should operate as individual board members do for their own homes. Although that may be a valid solution, there are times when owners perform work in their unit that may be different from the board's similar repair, update, or change. The board of directors must think of additional risks, roles, and responsibilities for the good of the majority of the community.

The diversity of responsibilities and daily challenges that an association manager may face creates a high level of energy within each community. This also adds many layers to a manager's expertise.

A manager's role ranges from human resource specialist, master of negotiations, maintenance expert, amenity expert working with swimming pools, tennis courts, and so many other activities that communities want to add to their neighborhood to create an attractive environment. A community may prioritize staying on the cutting edge of the next up-and-coming amenity. Along with an activity expert/coordinator at times, financial expertise may be required to help the board of directors with budgeting and financial guidance to grow its reserve accounts.

Although it may seem overwhelming at times, the career is very rewarding and offers growth and development along the way.

If you are here to learn about the industry because you live in an association, are a board member that needs some additional knowledge, or are looking for a new career, you are in the right place!

We thank you for choosing our school to begin the community association manager journey and education.

To your success,

Deb Bell

Licensed Community Association Manager

Florida Real Estate Broker Associate

UNIT 1

The Community Association Management Business

LEARNING OBJECTIVES

- When you have completed this unit, you will be able to accomplish the following.
- Describe what a community association is and the purpose of community association management.
 - Explain the duties and responsibilities of a community association manager.
 - Available positions for a licensed community association manager.
 - Associations available to continue your career development.

COMMUNITY ASSOCIATION LIVING

F.S. 468.431 (1)

According to Florida Statute 468.431(1), “**Community association**”

means a residential homeowners’ association in which membership is a condition of ownership of a unit in a planned unit development, 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 residential development scheme and which is authorized to impose a fee which may become a lien on the parcel.

One principle in the association concept is to provide a harmonious community atmosphere. The board continually faces the responsibility of maintaining a balance between individual rights and community-wide plans for the benefit of all owners and residents.

There are four main types of community associations in Florida: condominiums, cooperatives, vacation and time-shares, and mandatory homeowners associations (HOA). The architecture or structure of a property does not indicate the type of community association. The type of association depends on the setup of the community by the developer, and each community association must be operated within the specific legal requirements of that structure.

Membership in a community association includes certain mandatory obligations, financial responsibilities, and a commitment to abide by the use restrictions and rules of the association.

1 The governing documents and applicable state and federal laws define the obligations and
2 responsibilities of both the owners and the community association.

3 The community association's responsibilities may be limited to the maintenance of the
4 common areas, or they may be expanded to include maintenance of individual units, lots, or
5 homes.

6 A board of directors governs the association. The board is elected by the owners to conduct
7 the business and community affairs of the association. The governing documents are a
8 covenant that runs with the property being purchased, and every owner of a property that is
9 subject to mandatory membership is legally bound to comply with the requirements of those
10 governing documents. The association and its board of directors have the authority to enforce
11 the documents through court, mediation, and arbitration.

12 **Community Association Living**

13 There are four types of associations a licensed community association manager will provide
14 professional services to:

- 15 ■ Condominium Associations
- 16 ■ Cooperative Associations
- 17 ■ Mandatory Homeowners' Associations (HOA)
- 18 ■ Vacation and Timeshare Plans

19 With the choice to live in a neighborhood with restrictive covenants defined by a community
20 association, there are responsibilities that inherently come with ownership. Anything from
21 monetary obligations, use restrictions, and often rules governing property maintenance and
22 upkeep.

23 **Association History**

24 In 1992, for the first time, Florida enacted special laws governing homeowners associations.
25 In 1995 and following years, the special statutory laws were expanded and further refined. In
26 2000, the special statutory laws for mandatory associations were assigned a separate chapter
27 now known as Florida Statute—Chapter 720.

28 Condominium living is similar; however, its governance is written under a different state
29 statute: Chapter 718. The Florida Condominium Act governs condominium creation
30 and the continuous activities of those who govern the condominium on their behalf. It is
31 estimated that more than 10% of Florida's population lives in a condominium governed
32 by community volunteers. The governing body for a condominium carries authority and
33 responsibility that is substantial and real. Condominium living is designed to create a lifestyle
34 where joint ownership or property promotes the common welfare and creates a unique living
35 environment.

36 The Community Association Institute (CAI) states that association living has grown from
37 10,000 communities in 1970 to 347,000 in 2018. National statistics in 2018 from CAI state
38 that 25%–27% of the population lives in community associations. In 2018, Florida led in the
39 number of associations in the United States. Thus, we see the continued need for community
40 association managers. The uptick of the building industry continues to drive the need for
41 more and more each year.

Benefits of Community Living

There are many benefits to community living. Those benefits may include amenities that most owners could not easily afford in a single-family home, such as swimming pools, tennis courts, clubhouses, shuffleboard courts, golf courses, et cetera.

Another benefit is fewer individual maintenance responsibilities. The association maintains the exterior grounds, common property, and so on, which is funded by shared expenses through owner assessments.

Even though these benefits are many, compromises in community living must be accepted. Each individual member or resident must give up some degree of freedom or control that would normally be enjoyed in a single-family residence ownership, where there is no association.

INTRODUCTION TO COMMUNITY ASSOCIATION MANAGEMENT

The role of a **community association manager** is diverse. Although this is not a career or position in which you find new college graduates who declare their futures as community association managers, it has become a much-needed position, which can offer a wonderful career path if you are looking for a career in customer service, financial management, and organizational and relationship development. A skilled community association manager is critical to the success of the association. The most important attribute is the willingness to be a business partner sharing in the success of the community. As a community association manager, your license allows you to manage condo associations, homeowners associations, cooperatives, and vacation and time-shares in the State of Florida.

There are state statutes that lay the foundation for the standards and operation of each type of association. As a licensed community association manager, you bring an expertise that will help the board of directors steer clear of potential litigation and smoothly operate the association as a business.

As a community association manager, you will need the following:

- Knowledge of budgeting and financial responsibility. This may take time to develop, if you do not have experience with the financial matters of running a community association. Most communities have an established budget process, and depending on the career path, there may be departments in the management firm that can assist with this role.
- Knowledge of annual elections. This annual event is a smaller version of the larger election process that we face in our political environment. Boards range from the very active with vigorous elections to those whose membership is less involved and only become active when the residents are unhappy with the way the association is running the community.
- Knowledge of the governing documents that dictate the operation of the association. It is interesting to learn how associations are governed not only by state statutes based on the type of association but also by legal documents that guide association living and the operation of the association.

The community association manager is seen as a community asset manager who:

- manages the community property assets,
- manages the community people assets, and
- manages the community financial assets.

1 Common struggles within associations can arise when working with communities and boards
2 of directors, such as these:

- 3 1. Board members do not understand the basic concept of association living.
- 4 2. As volunteers, board members often think they need to take on more operational respon-
5 sibility and so get burned out quickly.
- 6 3. Board members believe they know what's in the best interested for their community, thus
7 not listening to a manager's guidance to keep the association out of legal challenges.
- 8 4. The annual elections often result in a constant change of leadership, which requires con-
9 tinual education of new board members.

10 For these reasons, it's important for managers to strive to provide an objective point of view
11 in offering guidance and understanding to the board of directors. A community association
12 manager's role is to run the day-to-day business on behalf of the board. The board of directors
13 is responsible for the operation of the association. The community association manager's
14 expertise is in helping and guiding the board.

15 Each board of directors operates in a slightly different manner from other boards. Therefore,
16 establishing clear expectations and responsibilities for management and the board will help to
17 reduce future communication difficulties and breakdowns.

18 As a new community association manager, four key qualities are needed to become an
19 excellent manager in the communities you serve:

- 20 1. Leadership
- 21 2. People person
- 22 3. Common sense
- 23 4. Problem solver

24 **Career Opportunities for Community Association Managers**

25 Community association managers manage in two different settings, depending on the needs
26 of the community. It is important that, no matter what type of management services are
27 provided, the management agreement must be very clear about the services performed and the
28 entire scope of work and expectation for the community and management firm:

- 29 1. Onsite manager
- 30 2. Portfolio manager

31 ***Onsite Manager***

32 This type of manager serves communities that have an office onsite. The day-to-day operations
33 take place from the community office, and the association typically provides the workspace,
34 computers, office equipment, and tools to perform the work.

35 ***Portfolio Manager***

36 This type of manager serves communities from a remote office. The day-to-day operation is
37 done from a management office or home office, and the association does not provide the tools
38 to perform the work unless it is stated in the management agreement.

39 Employment for managers can be as diverse as the communities they manage.

1 There are also several different methods of employment available for a licensed community
2 association manager:

- 3 1. Individual community employee (W-2)
- 4 2. Community management company employee (W-2)
- 5 3. Contracted manager or management firm (self-employed or 1099)

6 *Individual Community Employee*

7 As an employed community manager, you would be hired directly by the community you
8 will be managing. You will be placed on the corporate payroll. They may offer benefits or not.
9 You will be considered a W-2 employee. In this role, most likely you will work as an onsite
10 employee, or they may even offer you a place to live on site.

11 *Community Management Company Employee*

12 This type of employment may offer additional benefits and services that may not be present
13 if you are hired as an individual employee of the community. Many times, these are larger
14 companies that manage several associations that vary in type and size of community. They
15 could assign you to be an onsite manager or portfolio manager. These larger companies work
16 differently and have a more corporate structure. Many times, they will have an accounting
17 department to handle financial matters, such as payment arrangements, balance dues, and
18 invoice receipt and payment. They may also have a maintenance staff to handle some of the
19 smaller community maintenance needs and a community inspection team to do the regular
20 community drive-through to inspect for violations. In many larger companies, each manager
21 may have an assistant who fields telephone calls for the manager and answers the simple
22 questions from vendors or community members.

23 *Contracted Manager or Licensed Management Firm*

24 As an independent contractor or a contracted management firm, you are afforded the
25 opportunity either to work independently for the association or to create a business entity
26 that then requires you to register with the State of Florida and fulfill certain obligations as
27 a management firm. The requirements for a licensed CAM Firm will be discussed in the
28 next unit. As this type of manager, you can offer services as a portfolio manager to many
29 associations or work as an onsite manager for one or more communities.

30 As you can see, there are several ways of working in the association management industry.
31 Although you will be licensed—and we will talk more in the next unit about the licensing
32 requirements—you do not have to have your license with a broker to receive compensation
33 for services, which is quite different from a licensed real estate professional. As a licensed
34 community association manager, you are responsible for getting started in the industry, and
35 it may be easiest to find a company that will offer you the opportunity to work your way
36 up, gaining valuable experience for if and when you decide you want to create your own
37 management firm.

38 **Community Association Manager Professional Associations**

39 As you grow in your new career, it is important to connect with an association of professionals
40 to build relationships, gain knowledge in areas specific to community management. There are
41 a few different associations around the state of Florida in which to become involved.

ABOUT DEARBORN REAL ESTATE EDUCATION

For over 60 years, Dearborn has set the standard for real estate education. As a full-service educational publisher, Dearborn offers the best content and support services in the industry. With unsurpassed experience and understanding of the real estate training industry, you can ensure your success with Dearborn.

The strength of our experience lies in our dedication and ability to continually produce the highest quality, up-to-date real estate educational and training content. Our seasoned authors have years of real-world experience and our content spans every stage of a real estate professional's career from prelicensing, exam prep, and continuing education to broker, appraisal, home inspection, and professional development.

Dearborn[™]
Real Estate Education

www.dearborn.com, 800.972.2220

For comments or queries about this product,
please email us at contentinquiries@dearborn.com.

