



Community Association Manager Licensing Background and Trends

Prepared By:

**Community Associations Institute
Department of Government and Public Affairs**

Contact:

**Andrew S. Fortin, Esq.
Vice President, Government & Public Affairs
6402 Arlington Blvd, Suite 500
Falls Church, VA 22042
Afortin@caionline.org, 888-224-4321**

TABLE OF CONTENTS

Statement from CAI Staff

Statutory Links for Regulatory Programs

Analysis of Existing Regulatory Regimes

Pending and Potential Legislation in 2012

CAI's Community Manager Regulation Policy

Overview of CAI/NBC-CAM and Our Designations

Information on the Certified Manager of Community Associations® (CMCA)

Certification

Draft and Introduced Bills for 2012:

- **Michigan**
- **North Carolina**
- **South Carolina**



TO: Delegate Doyle L. Niemann, Chair
House Housing and Real Property Subcommittee
House Office Building, Room 250
6 Bladen Street
Annapolis, MD 21401-1991

RE: Common Interest Ownership Communities: Regulation of
Property Management Companies

FROM: Andrew S. Fortin, Esquire
Vice President, Government & Public Affairs
Community Associations Institute (CAI)
Afortin@caionline.org, Direct: 703-970-9224

Dawn M. Bauman, CAE
Executive Director
National Board of Certification for Community Association
Managers (NBC-CAM)
Dbautman@nbccam.org, Direct: 703-970-9235

DATE: October 12, 2011

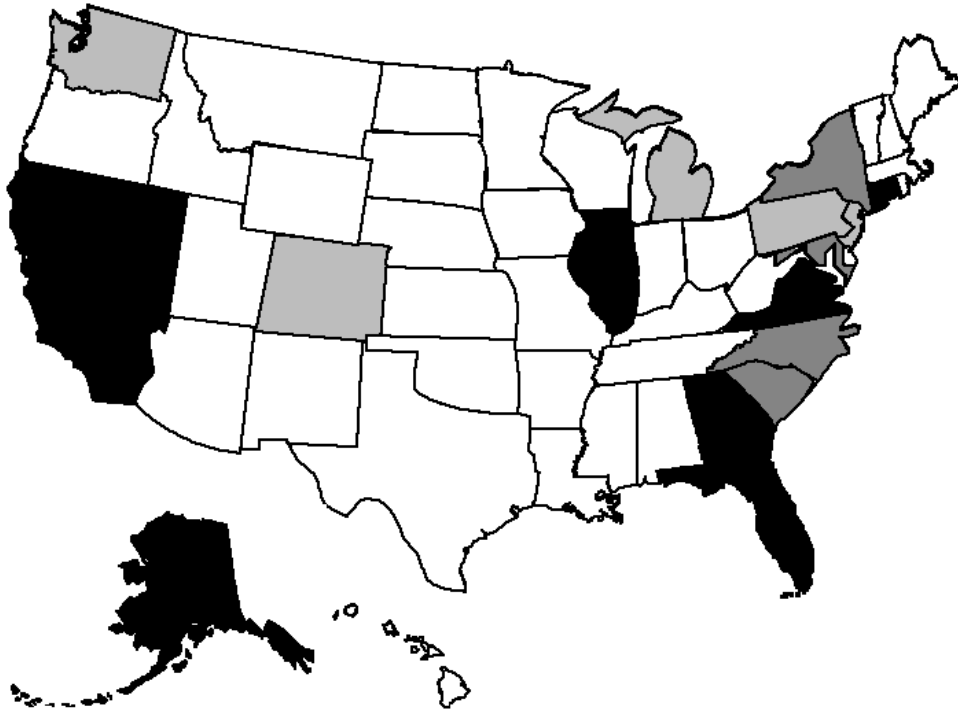
On behalf of CAI, NBC-CAM and CAI's Maryland Chapters, we are honored to present you with this packet of information related to regulatory trends in the community association management profession to assist you as you look at this matter in Maryland. To that end this submission includes:

- Statutory links for state regulatory programs;
- Analysis of existing regulatory regimes;
- Pending and potential legislation in 2012;
- CAI's Community Manager Regulation Policy;
- An overview of CAI/NBC-CAM and our designations;
- Information on the Certified Manager of Community Associations® (CMCA) certification; and
- Draft and introduced bills for 2012.

We hope this information will assist in your efforts. We truly appreciate the opportunity to provide these resources and hope they are helpful to the Committee's deliberations.



Professional Community Association Manager Regulation Map



States that have adopted regulations governing professional community association managers:

Nine states have adopted some form of regulation of professional community association managers. This regulation exists in the following states (shaded black): [AK](#), [CA](#), [CT](#), [DC](#), [FL](#), [GA](#), [IL](#), [NV](#), [VA](#) (State abbreviation links to appropriate state statute)

States with legislation in 2011 addressing community association managers:

Four states saw active legislation on the issue of regulation of professional community association managers in 2011 (dark gray shaded states). These included bills in MD, NC, NY and SC. In almost all of these bills, CAI members were involved in supporting effective manager regulation.

States with active CAI LAC discussion on licensing/credentialing of community association managers with potential action in 2012:

In five states, CAI member-led legislative action committees undertook discussions and drafting of potential legislation addressing community association manager licensing (CO, MI, NJ, PA and WA - light gray states).

Existing State Regulatory Programs

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

These state approaches can be classified into three categories: Category 1 states (early adopters), Category 2 states (second wave), and anticipated manager regulatory proposals.

Category 1 States

Category 1 states include: Alaska, California, Connecticut, the District of Columbia 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.

[Alaska](#)

In Alaska professional community association managers are regulated under Chapter 88 of the Alaska Real Estate Commission's Statutes and Regulations. Under this Chapter, a person may not collect fees for community association management or practice or negotiate for a contract to practice community association management unless licensed as a real estate broker, association real estate broker or real estate salesperson.

[California](#)

California law includes 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.

[Connecticut](#)

Connecticut requires that any individual or company performing management services register with the state Department of Consumer Protection. Management services are defined as collecting, controlling or disbursing funds of the association or having authority to do so, preparing budgets or other financial documents for the association, assisting in the conduct of or conducting association meetings, advising or assisting the association in obtaining insurance, and advising the association in the overall operations of the association.

[District of Columbia](#)

The District of Columbia's Department of Consumer and Regulatory Affairs regulates community association managers as commercial "property managers." Unless licensed as such by the District of Columbia, no person shall use the term or words "property manager" to imply that he or she is licensed as a property manager in the District. A person is eligible for licensure as a property manager if they meet minimum educational requirements. There are no pre-licensing requirements for property managers. All real estate licensees are required to complete 15 hours of education as determined by the Real Estate Board. The examination utilized for licensure of "property managers" does not measure the core competencies of community association managers.

[Georgia](#)

Community association managers in Georgia are licensed as real estate professionals. The state imposes a minimum age requirement and that the applicant must hold a high school diploma. In addition, the candidate must meet one of the following requirements: completion of 25 hours of approved course work, minimum of four quarters or two semesters of course work in real estate from a college or university, or proof of completion of 25 hours of pre-licensure course work from another state. Candidates must also pass an approved exam and obtain 24 hours of continuing education every four years.

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, such as the program used by Connecticut, 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: 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. Both 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. Both 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.

[Florida](#)

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](#)

The Illinois Community Association Manager Licensing Act (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. The state appointed a Disciplinary Board (Board) which developed regulations

to implement the requirements of the Act. Those draft regulations were issued in the spring of 2011 and the program is currently operating under temporary regulatory guidance.

Twelve months after the regulations are finalized, individuals will be unable to provide services as association managers without a state license.

Under the Act, any person 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 and imposes licensing requirements. Such requirements include 20 hours of classroom instruction as well as passage of an approved examination. An examination that meets such criteria is the Certified Manager of Community Associations® (CMCA) exam developed by NBC-CAM. 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 must also carry fidelity insurance to insure against loss for theft of community association funds. Managers are subject to discipline by the Board.

[Nevada](#)

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

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 Company® (AAMC) credential from CAI. Applicants unable to meet the requirements of an AAMC may be licensed by the CICB provided they submit proof that at least one full-time employee or officer involved in all aspects of services offered by the firm and a majority of persons in a supervisory capacity meets one of the following: holds an active PCAM designation plus proof of active community management in the past twelve months; holds an active CMCA credential from NBC-CAM plus proof of five years community management experience, twelve months of which must immediately precede the application; or is a designated AMS and provides proof of five years of community management service, twelve months of which must immediately precede the application.

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.

Category 2 states share many commonalities that should be factors for consideration by this Committee. 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.

Category 3 States: Pending Legislative Drafts for 2012

In 2012, CAI believes that community association manager licensing, certification or regulation will be the subject of legislative inquiry in up to nine states. In addition to Maryland, other states where legislation may be considered include: Colorado, Michigan, New Jersey, New York, North Carolina, Pennsylvania, South Carolina and Washington State. CAI members have been actively engaged in working with legislatures to draft proposals in these states. As with Maryland, state budget issues continue to be the biggest hurdle to enact legislation that we feel fairly balances the needs to protect consumers, raise standards of professionalism and not to overly burden the businesses engaged in assisting in the management of Maryland communities. Of the nine states that are likely to consider community association manager regulation in 2012, there are two legislative approaches to such regulation. These are the traditional approach and the endorsed registration approach.

Legislation expected to be introduced in New Jersey and existing legislation that carried over in North Carolina follow a traditional professional regulatory approach. The draft and introduced bills in these states will and are similar to HB 592 and HB 942 as considered in this state, as they establish a Common Interest Community Board under the state business regulatory authority. Such a Board will consist of a majority of regulants and shall be empowered to set standards for licensure or certification of professional community association managers. Legislation in these states would allow for a state-developed testing mechanism or for applicants to demonstrate their professional competency by having achieved a relevant industry-recognized certification or designation as offered by CAI or other entities. Where available, the most recent draft of this legislation is attached in the appendix section. You will find that these bills are similar to HB 592 as developed by Delegates Davis and Vaughn, and HB 942, Delegate Beidle's bill.

Four states, Colorado, Michigan, South Carolina and Washington, have developed innovative approaches that may serve as a possible alternative to address budgetary constraints; this model is referred to as an endorsed registration model. 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. The legislative drafts in Colorado, Michigan and Washington, require that professional community managers, in order to conduct business in the state, hold, at minimum a designation of a CMCA as issued by NBC-CAM. The states will require NBC-CAM 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. 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. A copy of the Michigan legislative draft, which will be presented to the state's Legislature, is attached.

COMMUNITY ASSOCIATION MANAGER LICENSING POLICY AND MODEL LEGISLATION

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 National Board of Certification for Community Association Managers (NBC-CAM)
- 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.

I. COMPONENTS OF MODEL LEGISLATION – LICENSURE UNDER A PROFESSIONAL REGULATORY DEPARTMENT

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.

A. 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.

B. 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.

C. 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.

D. 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 (NBC-CAM) 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.

E. 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.

F. 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 National Board of Certification of Community Association Managers (NBC-CAM).
- 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.

G. 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.

H. 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.

I. 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.

II. 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 National Board of Certification of Community Association Managers (NBC-CAM).

III. 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. 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.
3. 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.
4. 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.

5. 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 NBC-CAM.

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 NBC-CAM'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 more than 30 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, 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 33 state Legislative Action Committees to represent community association interests before state legislatures and agencies. On are where CAI members have been active.

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 NBC-CAM 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 National Board for Certification of Community Association Managers. 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.

CMCA

CERTIFIED MANAGER OF COMMUNITY ASSOCIATIONS®

The most recognized and trusted professional credential for
HOA managers and the millions of U.S. homeowners they serve.



Community Associations and Community Association Management

300,000 Number of association-governed
communities in the US

60,000 Number of community association managers

10,000 Number of community association
management companies

60,000,000 Number of Americans who live
in a community association

2,000,000 Number of homeowner volunteers
on community association boards

\$4 Trillion Estimated value of homes in all
community associations

\$40 Billion Estimated annual operating
revenue for U.S. community associations

\$35 Billion Estimated value of investment
accounts held for long-term maintenance
and replacement

Community associations have become increasingly popular because they help protect home values and help meet demand for services traditionally provided by municipal governments. This includes trash pickup, snow removal, landscaping, street lighting and sidewalk and road maintenance.

Reliable Credentials for Consumers, Employers and Regulatory Bodies

Successful community association management requires substantial knowledge and skill. The following states have passed laws and regulations governing the practice of community association management: Alaska, California, Connecticut, District of Columbia, Florida, Georgia, Illinois, Nevada and Virginia. Community associations and their boards need to be assured their community association managers have the fundamental knowledge necessary to manage effectively.

The certification program created by the National Board of Certification for Community Association Managers (NBC-CAM) established national standard of fundamental knowledge for community association managers. This program offers substantial benefits and assurance to all constituent groups, including homeowners, community associations, community association managers, legislatures and regulatory agencies.

The CMCA certification has been granted accreditation by the National Commission for Certifying Agencies (NCCA). NCCA accreditation provides independent validation that the CMCA program meets or exceeds twenty-one standards concerning various aspects of the certification program including its purpose, structure, governance, psychometric foundation, policies and procedures. Accreditation validates the integrity of the program and is a mark of quality.

“In today’s competitive job market, obtaining the CMCA is the essential first step in launching a career in this industry. Even some state legislatures have come to recognize the necessity for the CMCA as showing a manager possesses the fundamental basics, and the ethical standards required for a community manager.”

—Judy Rosen, CMCA, AMS, PCAM, The Crescent Condominium

CMCA Certification Requirements

The CMCA certification recognizes professionals who have demonstrated the fundamental knowledge needed to manage community associations. Managers with the CMCA credential:

- Completed a comprehensive course on community association management
- Passed NBC-CAM's CMCA examination
- Pledged to adhere to standards of professional and ethical conduct
- Agreed to complete continuing education coursework regularly

CMCA Standards of Professional Conduct

Due to the importance of community association managers' professional responsibilities, NBC-CAM requires CMCA certificants to adhere to a high standard of professional and ethical conduct. CMCA certificants must comply with rigorous Standards of Professional Conduct, which govern their professional activities.

To maintain and enhance the credibility of the certification program, NBC-CAM has adopted procedures to allow homeowners and others to bring complaints concerning a CMCA to a Standards Review Board.

Complaints are taken very seriously and are thoroughly investigated in order to protect the health, welfare and safety of the public. The intent of the CMCA Standards of Professional Conduct is to provide assurance and accountability of a CMCA's professional competency to the public.



About Us

NBC-CAM administers the only national certification program for community association managers. NBC-CAM grants the CMCA credential to individuals who demonstrate knowledge and expertise in managing cooperatives, condominiums and homeowner associations.

The CMCA offers a level of protection to homeowners and their communities by offering a trusted credential awarded only to professional managers who have demonstrated competency of the defined body of knowledge of a community association manager.

NBC-CAM

National Board of Certification
for Community Association Managers

866.779.CMCA toll-free | info@nbccam.org | www.nbccam.org

Setting the standard for community association managers nationwide

Pending Community Manager Legislation Supported by CAI for 2012

CAI members worked in support of the attached legislative proposals on manager. The three attached bills represent two approaches to regulation of community association managers. First, North Carolina legislation follows the traditional approach of establishing a state regulatory board for oversight of community associations. The Michigan and South Carolina proposals are creative in that they establish an endorsed program. This would require community managers to hold a CMCA certification to engage in community management in the state. This approach is seen as a viable option in providing consumer protection without significant budget impact on the state. Attached you will find:

- **Michigan:** **Draft Bill**
- **North Carolina:** **SB 373**
- **South Carolina:** **SB 699**

DRAFT 2

A bill to amend 1978 PA 59, entitled
"Condominium act,"
(MCL 559.101 to 559.276) by adding section 160.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **SEC. 160. (1) EXCEPT AS OTHERWISE PROVIDED IN THIS ACT, AN**
2 **INDIVIDUAL SHALL NOT PERFORM THE SERVICES OF A CONDOMINIUM**
3 **ASSOCIATION MANAGER UNLESS THE INDIVIDUAL IS BOTH OF THE FOLLOWING:**
4 **(A) A CERTIFIED MANAGER.**
5 **(B) A CITIZEN OR LEGAL RESIDENT OF THE UNITED STATES.**
6 **(2) NBC-CAM, UNDER THE SUPERVISION OF THE BOARD OF REAL**
7 **ESTATE, SHALL ADMINISTER THE COMMUNITY ASSOCIATION MANAGER**
8 **CERTIFICATION FOR CONDOMINIUM MANAGERS IN THIS STATE. SUBJECT TO**
9 **ALL OF THE FOLLOWING, THE PROCESS TO OBTAIN CAM CERTIFICATION SHALL**
10 **BE AS SET FORTH BY NBC-CAM IN "NBC-CAM HANDBOOK" SEVENTH EDITION**



1 (2010), OR AS SUBSEQUENTLY SET FORTH BY NBC-CAM AND APPROVED BY
2 RULE ADOPTED BY THE ADMINISTRATOR PURSUANT TO SECTION 142:

3 (A) AN APPLICANT IS NOT ELIGIBLE FOR CAM CERTIFICATION IF,
4 WITHIN 10 YEARS PRECEDING THE APPLICATION DATE, ANY OF THE
5 FOLLOWING OCCURRED:

6 (i) THE APPLICANT WAS CONVICTED OF OR PLED GUILTY TO A CRIME
7 DESIGNATED AS A FELONY UNDER THE LAWS OF THE FEDERAL GOVERNMENT,
8 THIS STATE, ANOTHER STATE, OR A POLITICAL SUBDIVISION OF ANOTHER
9 STATE AND INVOLVING FINANCIAL MATTERS, DISHONESTY, BREACH OF
10 FIDUCIARY DUTY, OR MORAL TURPITUDE. [THE OUTSIDE DRAFT REFERRED TO
11 A FELONY OR "SIMILAR OFFENSE." WHAT DOES "SIMILAR OFFENSE" MEAN? IF
12 HIGH COURT MISDEMEANORS ARE INTENDED, WE CAN INCLUDE THEM BY
13 STRIKING THE WORDS "A CRIME DESIGNATED AS." HIGH COURT MISDEMEANORS
14 ARE NOT DESIGNATED AS FELONIES BUT ARE OTHERWISE GENERALLY
15 CONSIDERED FELONIES FOR PURPOSES OF MICHIGAN LAW.]

16 (ii) THE APPLICANT HAD A LICENSE OR CERTIFICATION TO ACT AS A
17 CONDOMINIUM ASSOCIATION MANAGER IN ANOTHER STATE REVOKED OR
18 SUSPENDED.

19 (B) ANY FEE CHARGED BY NBC-CAM SHALL NOT EXCEED THE REASONABLE
20 COSTS, INCLUDING ASSOCIATED OVERHEAD, FOR NBC-CAM TO ADMINISTER THE
21 CAM CERTIFICATION APPLICATION PROCESS INCLUDING CRIMINAL BACKGROUND
22 CHECKS AND EXAMINATIONS, THE RENEWAL PROCESS, THE REPORTING
23 PROCESS, OR ENFORCEMENT ACTIONS FOR WHICH THE FEE IS CHARGED. [THIS
24 SUBDIVISION HAS BEEN DRAFTED TO ALLOW FOR FEES OTHER THAN
25 APPLICATION FEES TO COVER SOME OF THESE COSTS.]

26 (C) BEFORE AN APPLICANT IS APPROVED TO TAKE THE CAM
27 CERTIFICATION EXAMINATION, NBC-CAM SHALL DETERMINE THAT THE



1 APPLICANT IS AT LEAST 18 YEARS OF AGE AND HAS SATISFACTORILY
2 COMPLETED ALL OF THE FOLLOWING EDUCATIONAL REQUIREMENTS:

3 (i) RECEIPT OF A HIGH SCHOOL DIPLOMA OR THE EQUIVALENT GENERAL
4 EDUCATION DEVELOPMENT CERTIFICATION.

5 (ii) THE "M-100: THE ESSENTIALS OF CONDOMINIUM ASSOCIATION
6 MANAGEMENT" COURSE OFFERED BY THE COMMUNITY ASSOCIATIONS INSTITUTE
7 OR ITS EQUIVALENT AS DETERMINED BY NBC-CAM.

8 (iii) AN 8-HOUR EDUCATIONAL COURSE APPROVED BY NBC-CAM THAT
9 PROVIDES APPLICANTS WITH A BASIC UNDERSTANDING OF THIS ACT, THE
10 NONPROFIT CORPORATION ACT, 1982 PA 162, MCL 450.2102 TO 450.3192,
11 AND ANY OTHER LAWS PERTAINING TO CONDOMINIUM ASSOCIATIONS IN THIS
12 STATE AND THEIR MANAGEMENT.

13 (D) NBC-CAM SHALL ENSURE THE EXAMINATION IS AVAILABLE FOR
14 ADMINISTRATION 360 DAYS A YEAR TO APPLICANTS ELIGIBLE TO SIT FOR
15 THE EXAMINATION.

16 (E) BEFORE AN APPLICANT IS AWARDED CAM CERTIFICATION, NBC-CAM
17 SHALL OBTAIN FROM THE APPLICANT A SIGNED AND NOTARIZED STATEMENT
18 THAT THE APPLICANT AGREES TO ABIDE BY NBC-CAM STANDARDS OF
19 PROFESSIONAL CONDUCT AND WILL FULLY COOPERATE WITH ANY
20 INVESTIGATION REGARDING ANY ALLEGED BREACH OF THE CODE OF ETHICS.
21 FOR THE PURPOSES OF THIS SUBSECTION, NBC-CAM STANDARDS OF
22 PROFESSIONAL CONDUCT SHALL BE THOSE IN EFFECT ON THE ENACTMENT DATE
23 OF THE AMENDATORY ACT THAT ADDED THIS SECTION, OR AS SUBSEQUENTLY
24 ADOPTED BY NBC-CAM IF APPROVED BY RULE ADOPTED BY THE ADMINISTRATOR
25 PURSUANT TO SECTION 142.

26 (3) UPON AN APPLICANT'S SUCCESSFUL COMPLETION OF THE CAM
27 CERTIFICATION PROCESS, NBC-CAM SHALL PROVIDE TO THE APPLICANT AND



1 ANY EMPLOYER OR PROSPECTIVE EMPLOYER WHO REQUESTS IT A
 2 CERTIFICATION THAT THE APPLICANT HAS OBTAINED CAM CERTIFICATION.

3 (4) THE TERM OF CAM CERTIFICATION SHALL BE 2 YEARS. CAM
 4 CERTIFICATION IS RENEWABLE FOR SUCCESSIVE 2-YEAR TERMS. SUBJECT TO
 5 SUBSECTION (6), CAM CERTIFICATION SHALL BE SUSPENDED IF THE MANAGER
 6 FAILS TO CONTINUE TO QUALIFY FOR HIS OR HER CERTIFICATION.

7 (5) NBC-CAM SHALL REQUIRE THAT CERTIFIED MANAGERS COMPLETE
 8 EDUCATIONAL REQUIREMENTS BEFORE OBTAINING A RENEWAL OF THE
 9 MANAGER'S CERTIFICATION. THE EDUCATIONAL REQUIREMENTS SHALL INCLUDE
 10 AN ANNUAL UPDATE ON LAW AS MAY BE APPROPRIATE.

11 (6) AFTER PROVIDING AN OPPORTUNITY FOR AN EVIDENTIARY HEARING
 12 UNDER THE ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL
 13 24.201 TO 24.328, THE ADMINISTRATOR AND THE BOARD OF REAL ESTATE
 14 MAY INVESTIGATE, IMPOSE ADMINISTRATIVE FINES [AMOUNT?] AGAINST, AND
 15 TAKE ANY OTHER APPROPRIATE REGULATORY OR COURT-SANCTIONED ACTION
 16 AGAINST ANY INDIVIDUAL WHO VIOLATES SUBSECTION (1). A CITIZEN OF
 17 THIS STATE MAY BRING A CIVIL CAUSE OF ACTION IN A COURT OF
 18 COMPETENT JURISDICTION AGAINST ANY INDIVIDUAL WHO VIOLATES
 19 SUBSECTION (1) AND MAY JOIN IN HIS OR HER ACTION OR BRING A
 20 SEPARATE ACTION AGAINST ANY BOARD OF DIRECTORS OF A CONDOMINIUM
 21 ASSOCIATION THAT HIRES A CONDOMINIUM ASSOCIATION MANAGER WHO
 22 VIOLATES SUBSECTION (1). [ADD CONVICTION OF FELONY (OR MISDEMEANOR)
 23 AS BASIS FOR DISCIPLINARY ACTION? SEE (2) (A) (i). ADD VIOLATION OF
 24 CODE OF ETHICS? SEE (2) (E).]

25 (7) MANAGERS OF CONDOMINIUM ASSOCIATIONS IN THIS STATE ON THE
 26 EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION WHO
 27 HOLD THE CERTIFICATION OR THE DESIGNATION OF PROFESSIONAL COMMUNITY



1 ASSOCIATION MANAGER, ASSOCIATION MANAGEMENT SPECIALIST, OR
 2 CERTIFIED PROPERTY MANAGER SHALL BE CONSIDERED TO HAVE MET THE
 3 REQUIREMENTS FOR CERTIFICATION UNDER THIS SECTION. ALL MANAGERS
 4 HOLDING 1 OR MORE DESIGNATIONS SET FORTH IN THIS SUBSECTION SHALL
 5 COMPLY WITH THIS ACT BEFORE BEING QUALIFIED AS A CERTIFIED MANAGER
 6 IN THIS STATE. [FIRST 2 SENTENCES OF THIS SUBSECTION SEEM
 7 CONTRADICTORY.] A MANAGER OF A CONDOMINIUM ASSOCIATION SHALL FULLY
 8 COMPLY WITH THIS SECTION WITHIN 180 DAYS FROM THE EFFECTIVE DATE OF
 9 THE AMENDATORY ACT THAT ADDED THIS SECTION.

10 (8) AS USED IN THIS SECTION:

11 (A) "BOARD OF DIRECTORS OF A CONDOMINIUM ASSOCIATION" MEANS
 12 THE GROUP OF INDIVIDUALS ELECTED TO SERVE AS THE GOVERNING BODY OF
 13 A CONDOMINIUM ASSOCIATION AS PROVIDED FOR IN THE MASTER DEED AND
 14 BYLAWS, ARTICLES OF INCORPORATION OF THE CONDOMINIUM ASSOCIATION,
 15 THIS ACT, AND OTHER APPLICABLE LAW.

16 (B) "BOARD OF REAL ESTATE" MEANS THE BOARD OF REAL ESTATE
 17 BROKERS AND SALESPERSONS CREATED IN SECTION 2502 OF THE
 18 OCCUPATIONAL CODE, 1980 PA 299, MCL 339.2502.

19 (C) "BUDGET" MEANS A FINANCIAL PLAN THAT PROVIDES AN ESTIMATE
 20 OF THE REVENUE AND EXPENSES OF A CONDOMINIUM ASSOCIATION FOR A
 21 SPECIFIC PERIOD OF TIME AS REQUIRED BY THE MASTER DEED AND BYLAWS
 22 OF THE CONDOMINIUM ASSOCIATION OR THIS ACT.

23 (D) "CERTIFIED MANAGER" MEANS AN INDIVIDUAL WHO HOLDS THE
 24 COMMUNITY ASSOCIATION MANAGER CERTIFICATION.

25 (E) "COMMUNITY ASSOCIATION MANAGER CERTIFICATION" OR "CAM
 26 CERTIFICATION" MEANS THE STATUS OF "CERTIFIED MANAGER OF COMMUNITY
 27 ASSOCIATIONS® (CMCA) - THE ESSENTIAL CREDENTIAL™" ADMINISTERED BY



1 THE NATIONAL BOARD OF CERTIFICATION FOR COMMUNITY ASSOCIATION
2 MANAGERS.

3 (F) "NBC-CAM" MEANS THE NATIONAL BOARD OF CERTIFICATION FOR
4 COMMUNITY ASSOCIATION MANAGERS, A NATIONAL NONPROFIT ORGANIZATION
5 WHOSE SOLE PURPOSE IS TO DEVELOP, MAINTAIN, AND ADMINISTER THE
6 CERTIFIED MANAGER OF COMMUNITY ASSOCIATION CERTIFICATION, OR A
7 SUCCESSOR ENTITY.

8 (G) "SERVICES OF A CONDOMINIUM ASSOCIATION MANAGER", SUBJECT
9 TO SUBDIVISION (H), MEANS ANY OF THE FOLLOWING PRACTICES RELATING
10 TO THE MANAGEMENT OF A CONDOMINIUM ASSOCIATION IN THIS STATE
11 PERFORMED AT THE DIRECTION OF A BOARD OF DIRECTORS OF A CONDOMINIUM
12 ASSOCIATION, AND REQUIRING SUBSTANTIAL SPECIALIZED KNOWLEDGE,
13 JUDGMENT, AND MANAGERIAL SKILL: RECEIVING, CONTROLLING, OR
14 DISBURSING FUNDS OF A CONDOMINIUM ASSOCIATION, PREPARING BUDGETS OR
15 OTHER FINANCIAL DOCUMENTS FOR A CONDOMINIUM ASSOCIATION, ASSISTING
16 IN THE NOTICING OR CONDUCT OF CONDOMINIUM ASSOCIATION MEETINGS,
17 COORDINATING MAINTENANCE FOR THE CONDOMINIUM ASSOCIATION, AND OTHER
18 DAY-TO-DAY SERVICES INVOLVED WITH THE OPERATION OF A CONDOMINIUM
19 ASSOCIATION. [ARE THE LISTED ACTIVITIES PER SE SERVICES OF A
20 CONDOMINIUM ASSOCIATION MANAGER, OR MUST IT BE SHOWN IN EACH CASE
21 THAT THE ACTIVITY REQUIRES SPECIALIZED KNOWLEDGE, JUDGMENT, AND
22 MANAGERIAL SKILL?]

23 (H) "SERVICES OF A CONDOMINIUM ASSOCIATION MANAGER" DOES NOT
24 INCLUDE ANY OF THE FOLLOWING:

25 (i) CLERICAL OR MINISTERIAL FUNCTIONS PERFORMED BY AN
26 INDIVIDUAL UNDER THE DIRECT SUPERVISION AND CONTROL OF A COMMUNITY
27 ASSOCIATIONS MANAGER.



1 (ii) MAINTENANCE PERFORMED FOR A CONDOMINIUM ASSOCIATION BY AN
2 INDIVIDUAL WHO DOES NOT ASSIST IN ANY OF THE MANAGEMENT SERVICES
3 DESCRIBED IN SUBDIVISION (G) .



GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

S

1

SENATE BILL 373

Short Title: Community Association Managers Licensing Act. (Public)

Sponsors: Senator Apodaca.

Referred to: Commerce.

March 21, 2011

1 A BILL TO BE ENTITLED
2 AN ACT ESTABLISHING THE COMMUNITY ASSOCIATION MANAGERS LICENSURE
3 ACT.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Chapter 93A of the General Statutes is amended by adding the
6 following new Article to read:

7 "Article 6.

8 "Community Association Managers Licensure Act.

9 **"§ 93A-85. Short title.**

10 This Article shall be known as the 'North Carolina Community Association Managers
11 Licensure Act.'

12 **"§ 93A-86. Purpose.**

13 The General Assembly finds that persons who provide community association management
14 in North Carolina affect the public health, safety, and welfare and that the mandatory licensure
15 of persons who provide community association management for compensation is necessary to
16 ensure minimum standards of competency. It is the purpose and intent of this Article to protect
17 the public from persons unqualified to provide community association management and from
18 unprofessional conduct by persons licensed pursuant to this Article.

19 **"§ 93A-87. Definitions.**

20 The following definitions apply in this Article:

21 (1) Board. – The North Carolina Licensure Board for Community Association
22 Managers.

23 (2) Compensation. – A fee or anything else of value or the promise thereof.

24 (3) Community association. – An association or organization of the owners of
25 residential condominiums, time-shares, townhouses, apartments, or lots in a
26 planned community or subdivision that is subject to a uniform scheme of
27 restrictive covenants, in which owner membership is made mandatory by
28 covenant, contract, or deed, and is authorized to collect dues, assessments, or
29 other payments from owner members.

30 (4) Community association manager. – Any person who, for compensation or
31 the expectation thereof, performs two or more of the following acts or
32 services for a community association:

33 a. Acts with the authority of a community association in its business,
34 legal, financial, or other transactions with association members and
35 nonmembers.

36 b. Executes the resolutions and decisions of the government of a
37 community association or, with the authority of the association,



1 enforces the rights of the association secured by statute, contract,
2 covenant, rule, or bylaw.

3 c. Collects, disburses, or otherwise exercises dominion or control over
4 money or other property belonging to a community association.

5 d. Prepares budgets, financial statements, or other financial reports for a
6 community association.

7 e. Negotiates contracts or otherwise coordinates or arranges for services
8 or the purchase of property and goods for or on behalf of a
9 community association.

10 f. Offers or solicits to perform any of the acts or services in
11 sub-subdivisions a. through e. of this subdivision on behalf of a
12 community association.

13 (5) License. – A certificate issued by the Board recognizing the person named
14 therein as having met the requirements to provide community association
15 management services as defined in this Article.

16 (6) Licensee. – A person who has been issued a license under this Article.

17 **"§ 93A-88. License required.**

18 (a) On or after October 1, 2012, it shall be unlawful for any person in this State to act as
19 a community association manager, directly or indirectly engage in the business of community
20 association management, hold himself or herself out to be a community association manager, or
21 use the title 'Licensed Community Association Manager' or 'Community Association Manager'
22 without first obtaining a license from the Board as provided in this Article.

23 (b) The Board may issue a license to provide community association management to an
24 individual. The Board shall not issue a license to provide community association management
25 to a partnership, association, corporation, limited liability company, or other business entity.
26 However, a licensed community association manager may perform community association
27 management for or on behalf of a partnership, association, corporation, limited liability
28 company, or other business entity, conduct business as a business entity, or enter into and
29 enforce contracts as a business entity.

30 **"§ 93A-89. Exemptions.**

31 The provisions of this Article shall not apply to the following:

32 (1) An officer or member of a community association who, for no compensation
33 or expectation thereof, performs the acts or services of a community
34 association manager.

35 (2) The acts or services of an attorney-at-law who is engaged to represent a
36 community association or community association manager in any business
37 that constitutes the practice of law.

38 (3) The acts or services of a real estate broker hired by a community association
39 to sell or rent real property belonging to the association.

40 (4) A trustee in bankruptcy, court-appointed receiver, or any other person acting
41 under the express authority of an order issued by a court of competent
42 jurisdiction.

43 (5) The acts or services of a certified public accountant acting solely in the
44 capacity of a certified public accountant.

45 (6) A person who is the regular, salaried employee of a licensed community
46 association manager or an entity lawfully engaged in community association
47 management while performing clerical or ministerial functions under the
48 direction and control of a licensed community association manager.

49 (7) A person who is the regular, salaried employee of a licensed community
50 association manager or an entity lawfully engaged in community association
51 management who performs any of the acts or services described in

1 G.S. 93A-87(4)a. through e., under the direct supervision and control of a
2 licensed community association manager.

- 3 (8) The person, including a governmental agency, redevelopment authority, or
4 redevelopment commission, who undertook the development and who has a
5 legal or equitable interest in the property developed and who provides
6 community association management until not more than 30 days after
7 conveyance of all of the units or lots (including units or lots which may be
8 created pursuant to special declarant rights) to unit or lot owners other than
9 the declarant.

10 **§ 93A-90. North Carolina Licensure Board for Community Association Managers.**

11 (a) Membership. – The North Carolina Licensure Board for Community Association
12 Managers is established. The Board shall consist of seven members appointed as follows:

- 13 (1) Four community association managers, two of whom shall be appointed by
14 the General Assembly, upon the recommendation of the President Pro
15 Tempore of the Senate, one of whom shall be appointed by the General
16 Assembly, upon the recommendation of the Speaker of the House of
17 Representatives, and one of whom shall be appointed by the Governor.
18 (2) A home builder appointed by the Governor, upon the recommendation of the
19 North Carolina Home Builders Association.
20 (3) A licensed real estate broker appointed by the Governor, upon the
21 recommendation of the North Carolina Association of Realtors.
22 (4) A public member who is not a professional in any of the categories in
23 subdivisions (1) through (3) of this subsection, appointed by the General
24 Assembly, upon the recommendation of the Speaker of the House of
25 Representatives.

26 Members of the Board shall be citizens of the United States and residents of this State.

27 (b) Terms. – Members of the Board shall be appointed for four-year staggered terms.
28 Each Board member shall hold office until July 1 of the year in which the Board member's
29 respective term expires and until his or her successor is appointed and qualified. No member
30 may serve more than two consecutive full terms. Appointments made by the General Assembly
31 shall be made in accordance with G.S. 120-121.

32 The initial Board members shall be appointed before October 1, 2011. Of the members
33 initially appointed, the community association manager appointed by the Governor shall serve
34 a one-year term. The community association manager appointed by the General Assembly,
35 upon the recommendation of the Speaker of the House of Representatives, and the licensed real
36 estate broker shall serve two-year terms. One community association manager appointed by the
37 General Assembly, upon the recommendation of the President Pro Tempore of the Senate, and
38 the home builder shall serve three-year terms. The remaining community association manager
39 appointed by the General Assembly, upon the recommendation of the President Pro Tempore of
40 the Senate, and the public member shall serve four-year terms.

41 Upon the expiration of the terms of the initial Board members, members shall be appointed
42 by the appointing authorities designated in subdivisions (1) through (4) of subsection (a) of this
43 section for a term of four years and shall serve until a successor is appointed.

44 (c) Vacancies. – Any vacancy shall be filled by the authority originally filling that
45 position. Appointees to fill vacancies shall serve the remainder of the unexpired term and until
46 their successors have been duly appointed and qualified.

47 (d) Removal. – The Board may remove any of its members for neglect of duty,
48 incompetence, or unprofessional conduct. A member subject to disciplinary proceedings in his
49 or her capacity as a licensed community association manager shall be disqualified from
50 participating in the official business of the Board until the charges have been resolved.

1 (e) Compensation. – Each member of the Board shall receive per diem and
2 reimbursement for travel and subsistence as provided in G.S. 93B-5.

3 (f) Officers. – The officers of the Board shall be a chair, a vice-chair, and other officers
4 deemed necessary by the Board to carry out the purposes of this Article. All officers shall be
5 elected annually by the Board for one-year terms and shall serve until their successors are
6 elected and qualified. The chair of the Board shall be a licensed community association
7 manager.

8 (g) Meetings. – The Board shall hold its first meeting within 30 days after the
9 appointment of its members and shall hold at least two meetings each year to conduct business
10 and to review the standards and rules previously adopted by the Board. The Board shall
11 establish the procedures for calling, holding, and conducting regular and special meetings. A
12 majority of Board members constitutes a quorum.

13 **"§ 93A-91. Powers and duties of the Board.**

14 The Board has the following powers and duties:

- 15 (1) Administer this Article.
- 16 (2) Issue interpretations of this Article.
- 17 (3) Adopt rules as may be necessary to carry out the provisions of this Article.
- 18 (4) Determine the qualifications and fitness of applicants for licensure and
19 license renewal.
- 20 (5) Establish an examination and approve educational curricula for persons
21 seeking licensure under this Article.
- 22 (6) Adopt and publish rules governing the ethics and standards of practice for
23 persons licensed as community association managers and create educational
24 programs, books, and materials for licensees and the general public
25 concerning community associations, their organization and proper
26 management, and the rights of members.
- 27 (7) Issue, renew, deny, suspend, and revoke licenses and investigate and
28 discipline licensees as provided by this Article.
- 29 (8) Conduct investigations, subpoena individuals and records, and do all other
30 things necessary and proper to enforce this Article and discipline persons
31 licensed under this Article.
- 32 (9) Employ and discharge an executive director and other professional, clerical,
33 investigative, and special personnel and to set the compensation and benefits
34 for those persons.
- 35 (10) Purchase or rent office space, equipment, and supplies necessary to carry out
36 the provisions of this Article.
- 37 (11) Adopt a seal by which it shall authenticate its proceedings, official
38 documents, and licenses.
- 39 (12) Conduct administrative hearings in accordance with Article 3A of Chapter
40 150B of the General Statutes.
- 41 (13) Establish fees as allowed by the Article.
- 42 (14) Publish and make available upon request the licensure standards prescribed
43 under this Article and all rules adopted by the Board.
- 44 (15) Request and receive the assistance of State educational institutions or other
45 State agencies.
- 46 (16) Establish continuing education requirements for persons licensed under this
47 Article.
- 48 (17) Call upon the Attorney General to provide legal counsel and representation
49 to the Board or, upon the approval of the Attorney General, hire another
50 attorney to represent the Board, provided that the cost of legal representation
51 is borne by the Board.

"§ 93A-92. Requirements for licensure; denial of licensure.

(a) To be licensed as a community association manager, an applicant shall do all of the following:

- (1) Submit a completed application to the Board on a form provided by the Board.
- (2) Pass a licensing examination prescribed by the Board or present evidence of one of the following:
 - a. Successful completion of the Professional Community Association Manager or the Association Management Specialist designation administered by the Community Associations Institute.
 - b. Successful completion of the Certified Manager of Community Association Certification Program administered by the National Board of Certification for Community Association Managers.
 - c. Attainment of the Certified Property Manager designation of the Institute of Real Estate Management Division, an affiliate of the National Association of Realtors.
 - d. Successful completion of any other program of education which, in the discretion of the Board, is equivalent to the programs described in sub-subdivisions a. through c. of this subdivision.
 - e. Possession of a valid license issued by another state or any political territory or jurisdiction acceptable to the Board if in the Board's opinion the requirements for that licensure are substantially the same as the requirements for licensure under this Article.
- (3) Produce evidence of coverage by a fidelity bond in accordance with G.S. 93A-93.
- (4) Demonstrate to the Board that the applicant possesses good moral character and the honesty, truthfulness, and integrity necessary to protect the interests of the public and promote public confidence in licensed community association managers.
- (5) Pay the applicable fees.

(b) If the Board finds that an applicant has not demonstrated that the applicant possesses the character and fitness for licensure, the Board shall defer action on the applicant's application and shall notify the applicant in writing by first-class mail directed to the address provided by the applicant in the application. Within 60 days following the mailing of the notice, the applicant may request a hearing before the Board. Proceedings before the Board shall be governed by Article 3A of Chapter 150B of the General Statutes. At the hearing, the applicant shall have the burden of demonstrating the applicant's good character and fitness for licensure. If the applicant does not make a timely request for a hearing, the application shall be deemed denied.

"§ 93A-93. Fidelity bonds; segregation of accounts.

(a) Every community association manager engaged in community association management shall at all times be covered by a fidelity bond or an insurance policy complying with the provisions of this section.

(b) A fidelity bond required by this section shall be in an amount of at least twenty thousand dollars (\$20,000) and shall comply with the following:

- (1) Be written by an insurance company authorized to write fidelity bonds in this State.
- (2) Cover the community association manager and all or a portion of the employees and protect all or a portion of the community association funds in the custody of the community association manager or community

association employees acting under the community association manager's supervision.

(3) Provide that the insurance company issuing the bond may not cancel, substantially modify, or refuse to renew the bond without giving 30 days' prior written notice to the Board, except in the case of nonpayment of premiums, in which case 10 days' prior written notice shall be given to the Board.

(4) Contain any other provisions as may be required by the Board.

(c) A licensee shall furnish the Board proof of required bond coverage before engaging in community association management activities and upon license renewal if the licensee continues to engage in community association management activities.

(d) The fidelity bond may be issued to an individual licensee naming the licensee as the insured party or may be issued to a community association management firm naming the firm, all affiliated licensees, and others as insured parties.

(e) A community association manager with custody, dominion, or control of money belonging to a community association or money belonging to a member of a community association shall comply with all the following:

(1) Safeguard and account for the money promptly and accurately.

(2) Promptly deposit the money into federally insured accounts in a bank, savings institution, or credit union lawfully doing business in North Carolina that consents to the jurisdiction of the Board for the examination of its records necessary to enforce this Article.

(3) Segregate the money in an account or accounts used exclusively for the deposit and maintenance of funds belonging only to one association and not commingle the money belonging to one association with money belonging to another association, the manager, or another person or entity.

(4) Obtain written authorization if any interest or other income earned by the money is to be paid to any person or party other than the association or member to whom the money belongs.

(5) Create and maintain books and records sufficient to demonstrate compliance with the provisions of this section and rules adopted by the Board.

(6) Upon depositing the money as provided in this subsection, expend, remit, or invest the money as directed by the association to whom the money belongs and provide an accurate account of any expenditure, remittance, or investment.

§ 93A-94. Fees; subsequent application.

(a) The Board may impose the following fees, not to exceed the following amounts:

- (1) Application for community association manager license \$25.00
- (2) Community association manager examination 75.00
- (3) Issuance of license 150.00
- (4) License renewal..... 100.00
- (5) Late renewal..... 25.00
- (6) Application for course approval..... 150.00
- (7) Course approval renewal..... 75.00
- (8) Course fee, per credit hour per licensee 5.00
- (9) Credit for unapproved continuing education course 50.00
- (10) Registration of community association 50.00
- (11) Copies of Board rules or licensure standards shall be the cost of printing and mailing.

(b) An individual who applied for a license as a community association manager and failed the community association manager examination is not required to pay an additional

1 application fee if the individual submits another application for a license as a community
2 association manager within six months following the submission of the individual's first
3 application. However, the individual shall pay the examination fee to be eligible to take the
4 examination again.

5 **"§ 93A-95. License renewal; inactive license; lapsed license.**

6 (a) Renewal. – A license issued under this Article expires on September 30 of each
7 year. A license may be renewed by filing an application for renewal according to procedures
8 established by the Board and paying the required renewal fee. The Board shall renew the
9 license of a person who files an application for renewal, pays the required renewal fee, and has
10 fulfilled the continuing education requirements set by the Board. If the Board imposes a
11 continuing education requirement as a condition of renewing a license, the Board shall
12 reasonably ensure that the courses needed to fulfill the requirement are available.

13 (b) Late Renewal. – The Board may provide for the late renewal of a license upon the
14 payment of a late fee. However, late renewal of a license may not be granted more than five
15 years after the license expires.

16 (c) Inactive License. – A licensed community association manager may apply to the
17 Board to be placed on inactive status. An applicant for inactive status shall follow the
18 procedure established by the Board. A licensed community association manager who is granted
19 inactive status is not subject to the license renewal requirements during the period the license
20 holder remains on inactive status. A community association manager on inactive status may
21 apply to the Board to be reinstated to active status at any time. The Board may set conditions
22 for reinstatement to active status. A community association manager on inactive status shall not
23 perform any act or service for which licensure is required.

24 **"§ 93A-96. Continuing education.**

25 (a) Requirements. – The Board may establish programs of continuing education for
26 licensees under this Article. A licensee subject to a program under this section shall present
27 evidence to the Board upon renewing the license, and every renewal thereafter, that during the
28 12 months preceding the annual license expiration date the licensee has completed the required
29 number of classroom hours of instruction in courses approved by the Board. The Board shall
30 determine the number of hours of continuing education a licensee is required to complete
31 annually. However, the total number of credit hours shall not exceed eight credit hours. No
32 member of the Board shall provide or sponsor a continuing education course under this section
33 while that person is serving on the Board.

34 (b) Fees. – The Board may establish a nonrefundable course application fee to be
35 charged to a course sponsor for the review and approval of a proposed continuing education
36 course. Approval of a continuing education course shall be renewed annually. The Board may
37 also require a course sponsor to pay a fee for each licensee completing an approved continuing
38 education course conducted by the sponsor.

39 (c) Credit for Unapproved Course. – The Board may award continuing education credit
40 for an unapproved course or related educational activity. The Board may prescribe procedures
41 for a licensee to submit information on an unapproved course or related educational activity for
42 continuing education credit. The Board may charge a fee to the licensee for each unapproved
43 course or activity submitted.

44 (d) Extension of Time. – The Board may, for good cause shown, grant extensions of
45 time to licensees to comply with the requirements of this section. Any licensee who, after
46 obtaining an extension under this subsection, offers evidence satisfactory to the Board that the
47 licensee has satisfactorily completed the required continuing education courses, is in
48 compliance with this section.

49 (e) Rules. – The Board may adopt rules regarding continuing education requirements,
50 including rules that govern the following:

51 (1) The content and subject matter of continuing education courses.

- 1 (2) The criteria, standards, and procedures for the approval of courses, course
2 sponsors, and course instructors.
- 3 (3) The methods of instruction.
- 4 (4) The computation of course credit.
- 5 (5) The ability to carry forward course credit from one year to another.
- 6 (6) The waiver of or variance from the continuing education requirement for
7 hardship or other reasons.
- 8 (7) The procedures for compliance and sanctions for noncompliance.

9 **"§ 93A-97. Registration of community associations.**

10 (a) On or before January 1 of each year, every community association who employs a
11 community association manager licensed pursuant to this Article and whose membership
12 includes the owners of 20 or more residential condominiums, townhouses, apartments, or lots,
13 or any combination thereof shall register the association with the Board and shall provide the
14 Board with the following information about the association:

- 15 (1) The name and address of the association.
- 16 (2) The county where the property is located.
- 17 (3) The name and address of the community association's manager.
- 18 (4) Any other information the Board may require pursuant to rules adopted by
19 the Board.

20 (b) On or before January 1 of each year, any other community association of residential
21 condominiums, townhouses, apartments, or lots may register the association with the Board and
22 shall provide the Board with the information required under subdivisions (a)(1) through (a)(4)
23 of this section.

24 (c) The Board may charge each affected association an annual registration fee not to
25 exceed fifty dollars (\$50.00).

26 (d) In the event an association required to register fails to register, the association shall
27 not sue in court or otherwise pursue any legal remedy available to it until the association has
28 registered with the Board, including the payment of any delinquent registration fees. The Board
29 shall publish a directory of registered community associations and registration fees. The Board
30 shall use the fees for the administration and enforcement of this Article only.

31 **"§ 93A-98. Disciplinary action by the Board.**

32 (a) The Board shall have the authority to take disciplinary action. Upon its own
33 initiative or upon the complaint of any person, the Board may investigate the conduct of a
34 licensed community association manager or any other person who acts or presumes to act in the
35 capacity of a licensed community association manager. The Board may suspend or revoke a
36 license issued under this Article or reprimand a licensee if, following a hearing, the Board finds
37 that the licensee has done any of the following:

- 38 (1) Obtained a license by means of fraud, deceit, or misrepresentation.
- 39 (2) Engaged in gross negligence or gross incompetence as a community
40 association manager.
- 41 (3) Engaged in any act or service for which a license is required with a lapsed or
42 inactive license.
- 43 (4) Made a willful misrepresentation of material fact.
- 44 (5) Failed within a reasonable time to account for or remit money belonging to a
45 community association or another person coming into the community
46 association manager's possession in his or her capacity as a community
47 association manager.
- 48 (6) Commingled money belonging to a community association with the
49 community association manager's own money or failed to deposit, maintain,
50 or safeguard the money of a community association as required by
51 G.S. 93A-93(e).

- 1 (7) Been adjudged legally incompetent.
2 (8) Paid or offered to pay a valuable consideration to any person for acts or
3 services performed in violation of this Article.
4 (9) Failed to reasonably supervise an employee under G.S. 93A-89(6) or (7) to
5 prevent a violation of this Article.
6 (10) Engaged in any other conduct that is fraudulent.
7 (11) Violated any rule adopted by the Board or any provision of this Article.

8 (b) The Board may also suspend or revoke the license issued to a community
9 association manager when the licensee has been convicted in any court of competent
10 jurisdiction in this State, another state, or the United States of the offenses of fraud,
11 embezzlement, larceny, false pretenses, forgery, conspiracy, or any other offense involving
12 dishonesty, breach of trust, or moral turpitude.

13 (c) In any case in which the Board may take disciplinary action authorized by this
14 section, the Board may also impose reasonable conditions, restrictions, limitations, and
15 probation upon the licensee.

16 (d) Hearings held pursuant to this section shall be governed by the provisions of Article
17 3A of Chapter 150B of the General Statutes.

18 (e) The Board shall have authority to issue subpoenas in aid of its authority to compel
19 the testimony of witnesses and to require any person or entity to produce documents for
20 examination and copying by the Board's representatives. Subpoenas shall be signed by the
21 Board Chair, Executive Director, or legal counsel. Upon written request, the Board Chair shall
22 revoke a subpoena upon a showing that the subpoena does not describe the evidence sought
23 with reasonable particularity, the evidence sought by the subpoena does not relate to a matter
24 within the authority of the Board, or compliance with the subpoena is unreasonably
25 burdensome. If any person should fail to comply with a subpoena issued by the Board, the
26 Board may apply to the Superior Court of Wake County or any county where the subpoenaed
27 person resides or does business for an order to compel the person to comply with a subpoena or
28 to show cause why the subpoenaed person should not be held in contempt. The court may
29 impose punishment for failure to comply with the Board's subpoena in the same manner as if
30 the subpoena had been issued under the court's own authority. When the subpoena seeks the
31 production of records of money belonging to a community association or association member
32 held by a financial institution, the Board may obtain access to the records in accordance with
33 G.S. 53B-5.

34 **"§ 93A-99. License is property of the Board; display of license; report address change.**

35 (a) A license issued by the Board is the property of the Board. If the Board suspends or
36 revokes a license issued by the Board, the community association manager to whom the license
37 is issued shall return the license to the Board upon demand.

38 (b) A community association manager licensed by the Board shall display the license in
39 a manner prescribed by the Board. A licensed community association whose address changes
40 shall report the change to the Board.

41 **"§ 93A-100. Records.**

42 All persons licensed under this Article shall maintain full and accurate records of business
43 the licensees have engaged in pursuant to their licenses. Records shall include the written,
44 signed contract, and the written report required by the standards of practice established by the
45 Board. Licensees shall retain records no less than three years. Licensees shall furnish their
46 records to the Board on demand without prior notice.

47 **"§ 93A-101. Violation a misdemeanor.**

48 A person who violates any provision of this Article is guilty of a Class 2 misdemeanor.
49 Each unlawful act or practice constitutes a distinct and separate offense.

50 **"§ 93A-102. Injunctions.**

1 The Board may apply to any appropriate court for an order enjoining violations of this
2 Article. Upon a showing by the Board that any person has violated or is about to violate this
3 Article, the court may grant an injunction or a restraining order or take other appropriate
4 action."

5 **SECTION 2.** G.S. 93A-6(a)(12) reads as rewritten:

6 "(a) The Commission has power to take disciplinary action. Upon its own initiative, or
7 on the complaint of any person, the Commission may investigate the actions of any person or
8 entity licensed under this Chapter or any other person or entity who shall assume to act in such
9 capacity. If the Commission finds probable cause that a licensee has violated any of the
10 provisions of this Chapter, the Commission may hold a hearing on the allegations of
11 misconduct.

12 The Commission has power to suspend or revoke at any time a license issued under the
13 provisions of this Chapter, or to reprimand or censure any licensee, if, following a hearing, the
14 Commission adjudges the licensee to be guilty of:

15 ...
16 (12) Commingling the money or other property of his or her principals with his or
17 her own or failure to maintain and deposit in a trust or escrow account in an
18 insured bank or savings and loan association in North Carolina all money
19 received by him or her as a real estate licensee acting in that capacity, or an
20 escrow agent, or the custodian or manager of the funds of another person or
21 entity which relate to or concern that person's or entity's interest or
22 investment in real property, provided, these accounts shall not bear interest
23 unless the principals authorize in writing the deposit be made in an interest
24 bearing account and also provide for the disbursement of the interest
25 accrued. However, a real estate broker who is also a licensed community
26 association manager shall not be subject to disciplinary action by the
27 Commission for handling and accounting for money belonging to a
28 community association in compliance with Article 6 of this Chapter.

29 "

30 **SECTION 3.** Any person who submits proof to the Board that the person has been
31 actively engaged in business as a community association manager for compensation in this
32 State for at least three consecutive years before the effective date of this act and pays the
33 required fee for the issuance of a license shall be licensed without having to satisfy the
34 requirements of G.S. 93A-92(a)(1) and (2), as enacted by Section 1 of this act. Proof of active
35 engagement as a community association manager may be shown by evidence of the regular
36 performance, over three or more years, of two or more of the acts or services enumerated in
37 G.S. 93A-87. All persons who do not make application to the Board within one year of the
38 effective date of this act shall be required to complete all requirements prescribed by the Board
39 and to otherwise comply with the provisions of G.S. 93A-92.

40 **SECTION 4.** This act is effective when it becomes law.

South Carolina General Assembly
119th Session, 2011-2012

S. 699

STATUS INFORMATION

General Bill

Sponsors: Senator McConnell

Document Path: I:\s-jud\bills\mcconnell\jud0090.pb.docx

Introduced in the Senate on March 16, 2011

Currently residing in the Senate Committee on **Judiciary**

Summary: Community association manager requirements

HISTORY OF LEGISLATIVE ACTIONS

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
3/16/2011	Senate	Introduced and read first time (Senate Journal-page 14)
3/16/2011	Senate	Referred to Committee on Judiciary (Senate Journal-page 14)
3/21/2011	Senate	Referred to Subcommittee: Malloy (ch), Ford, Massey, S.Martin

View the latest [legislative information](#) at the LPITS web site

VERSIONS OF THIS BILL

[3/16/2011](#)

1
2
3
4
5
6
7
8
9
10

A BILL

11 TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA,
12 1976, BY ADDING SECTION 27-1-70, SO AS TO ENACT
13 PROVISIONS REQUIRING THAT ON OR AFTER JULY 1,
14 2012, A PERSON EMPLOYED AS A COMMUNITY
15 ASSOCIATION MANAGER MUST HAVE COMPLETED
16 CERTAIN CERTIFICATION PROGRAMS OR HAVE A VALID
17 LICENSE ISSUED BY ANOTHER JURISDICTION THAT IS
18 EQUIVALENT TO THIS STATE'S CERTIFICATION
19 REQUIREMENTS, AND MUST COMPLY WITH ALL
20 CONTINUING EDUCATION AND OTHER REQUIREMENTS
21 TO MAINTAIN THE CERTIFICATION OR DESIGNATION
22 AND TO PROVIDE FOR CERTAIN EXCEPTIONS TO THESE
23 QUALIFICATIONS.

24
25 Be it enacted by the General Assembly of the State of South
26 Carolina:

27
28 SECTION 1. Chapter 1, Title 27 of the 1976 Code is amended by
29 adding:

- 30
31 "Section 27-1-70. (A) As used in this section:
32 (1) 'community association' means an incorporated entity
33 with the responsibility to manage and maintain a planned
34 community or horizontal property regime of which the voting
35 membership is comprised of persons owning separate lots or units
36 who are required to pay assessments to the community association
37 for the purposes delineated in the governing documents of the
38 association;
39 (2) 'community association manager' means an individual
40 with specific qualifications as set forth in subsections (B) and (C)
41 who is employed for compensation to manage a community
42 association;

1 (3) 'department' means the Department of Consumer Affairs;
2 (4) 'person' means an individual seeking employment or
3 employed as a community association manager;
4 (5) 'professional credential' means:
5 (a) successful completion of the Professional Community
6 Association Manager or the Association Management Specialist
7 designation administered by the Community Associations Institute;
8 (b) successful completion of the Certified Manager of
9 Community Association Certification Program administered by the
10 National Board of Certification for Community Association
11 Managers;
12 (c) successful completion of any other program of education
13 which, in the discretion of the department, is equivalent to the
14 programs described in subitems (a) or (b); or
15 (d) possession of a valid license or certification issued by
16 another state, political territory, or jurisdiction which, in the
17 discretion of the department, is substantially equivalent to the
18 requirements of this section;
19 (6) 'separate lot or unit' means an individually owned or
20 individually occupied real property in the planned community or
21 horizontal property regime.
22 (B) Except as provided in subsection (C), on or after July 1,
23 2012, a community association must not employ a person for
24 compensation, and a person must not accept compensation to
25 serve, as a community association manager, unless the person has
26 completed a professional credential.
27 (C)(1) On or after July 1, 2012, any person who has not
28 completed a professional credential, but who is actively employed
29 as a community association manager and who has served in that
30 capacity for the preceding five-year period may be employed to
31 serve as a community association manager as long as the person:
32 (a) continues to be employed in that capacity; and
33 (b) does not have a break in employment as a community
34 association manager for longer than three calendar years after July
35 1, 2012; and
36 (c) provides proof that he meets the requirements of this
37 subsection and registers with the department as provided in
38 subsection (D).
39 (2) Any person who meets the requirements of subsection
40 (C)(1)(a) and who has a break in employment as a community
41 association manager for longer than three calendar years after July
42 1, 2012, must comply with the requirements of subsection (B) in

1 order to be employed as a community association manager
2 following the break in employment.

3 (D)(1) Any person who meets the requirements of subsection
4 (C)(1)(a) must provide proof that he meets those requirements and
5 register with the department on forms prescribed by the
6 department. The department must determine if the person meets
7 the requirements and list persons who meet the requirements on
8 the department's website. In addition, the department must
9 provide a link to the websites listing persons who have completed
10 professional credentials.

11 (2) Any person who meets the requirements of subsection
12 (C)(1)(a) has a continuing obligation to update his status with the
13 department if a break in employment occurs for longer than three
14 calendar years on or after July 1, 2012.

15 (E) In order to remain employed as a community association
16 manager on or after July 1, 2012, a person must comply with all
17 continuing education and other requirements to maintain the
18 professional credential. Any person who meets the requirements
19 of subsection (C)(1)(a) must complete continuing education
20 requirements which, in the discretion of the department, are
21 substantially equivalent to the requirements of a community
22 association manager who has completed a professional credential.

23 (F) Any person or community association violating the
24 provisions of this section is guilty of a misdemeanor and, upon
25 conviction, must be punished by a fine of not less than five
26 hundred or more than one thousand dollars.

27 (G) In order to implement this section, the department may by
28 regulation provide for registration fees for community association
29 managers to cover the costs of administering this section.”

30

31 SECTION 2. This act takes effect upon approval by the Governor.

32

---XX---

33