

Virginia General Assembly Passes Manager Licensing Bill

On Tuesday, March 4, 2008, the Virginia General Assembly passed [HB 516](#), requiring the Commonwealth's professional community association managers to be licensed. The bill moves to [Governor Tim Kaine](#) (D) for his signature. If signed, the law becomes effective July 1, 2008.


Under the law, individuals and entities offering management services to community associations in the Commonwealth must be licensed with the Common Interest Community Board (the Board). The Board, to be appointed by the Governor, will be comprised of representatives of the management industry and community associations.

Under the law, employees of community association management firms who have principal or supervisory responsibility for persons providing management services must be certified according to standards established by regulations adopted by the Common Interest Community Board. Specific language in the statute allows those standards to be met by any manager holding a Certified Manager of Community Associations (CMCA), an Association Management Specialist (AMS), a Professional Community Associations Manager (PCAM), or a company holding an Accredited Association Management Company designation.

Provisional Licenses; Future Board Actions

The Board will issue provisional licenses to individuals and entities after July 1, 2008, until December 31, 2008. After that time, applicants will have to meet all licensing requirements. The provisional licenses will be valid until June, 2011.

Over the course of this summer, the appointed Board will begin the process of developing regulations to implement the requirements of the legislation – which include substantial other provisions that will affect community associations: establishing an office of community association ombudsman, and substantial modifications to resale disclosure requirements.



Many questions that need to be answered will depend on the regulations the newly established Board will develop over the coming months. CAI will keep you updated as that information becomes available. In the interim, a brief Q&A about the new law has been prepared.

VIRGINIA MANAGER LICENSING LAW

What Does [HB 516](#) Require?

The law requires that any person or entity engaged in management services in Virginia to acquire a license and for employees of management companies to obtain a certification.

What Qualifies as “Community Association Management”?

The statute defines community association management as:

- Acting with the authority of the association in its business, legal, financial, or other transactions with association members or nonmembers.
- Executing resolutions and decisions of the association
- Acting with the authority of the association to enforce the rights of the association related to statute, contract, covenant, rule of bylaw.
- Collecting or dispersing or exercising control over money of other association property.
- Arranging, coordinating, or conducting association meetings of the association or governing body of the association.
- Negotiating contracts or otherwise coordinating or arranging services or purchases on behalf of the association
- Offering or soliciting to perform any of the above-mentioned functions on behalf of an association.

Provisional Licenses

The Common Interest Community Board (the Board) will issue provisional licenses to any person or entity offering management services to a common interest community who applies for a license on or before December 31, 2008. Provisional licenses expire on June 30, 2011. After that time, persons or entities will be required to comply with the licensing requirements adopted by the Commonwealth.

Common Interest Community Manager Licensing Requirements

Upon expiration of a provisional license, or for a licensing application submitted after December 31, 2008, a common interest community manager will be required to meet minimal educational and training standards. A new regulatory board, the Common Interest Community Board, comprised of 11 persons representing the various stakeholders in the development, management and operation of community association will be appointed by the Governor to oversee this regulatory program.

The Board will determine the educational requirements, but by statute, CAI designations such as Association Management Specialist, Professional Community Association Manager, and the Certified Manager of Community Association certification issued by

the National Board for Certification of Community Association Managers ([NBC-CAM](#)) meet the certification requirements in Virginia.

Professional managers holding an active CMCA, AMS, or PCAM must obtain a provisional license.

Bonding Requirement

The act requires as a condition of licensing that a common interest community manager obtain and maintain a blanket fidelity bond or employee dishonesty insurance policy to protect against losses resulting from theft or other dishonesty committed by officers, directors, and other person employed by the common interest community manager.

The obtained bond or insurance must provide coverage in the amount:

- \$2 million, or
- the highest aggregate amount of the operating and reserve balances of all the associations under control of the manager during the prior fiscal year, whichever is less

A minimal \$10,000 coverage is required.

Internal Control Requirements for Managers

Common Interest Community Managers must certify to the Commonwealth that:

- The manager is in good standing and authorized to transact business in Virginia
- The manager has an established code of conduct for the officers, directors, and person employed by the manager regarding conflicts of interest
- All services provided with associations are in writing
- The manager has internal financial controls to mitigate the risk of fraud or illegal acts
- That an independent, certified public accountant reviews or audits the financial statements of the manager in accordance with current accounting standards

Are There Exemptions to the Manager Licensing Requirement?

Yes. The following exemptions apply to the manager licensing requirement:

- An employee of a licensed manager providing management services within the scope of employment by the licensed manager
- An employee of an association providing management services to his employing association (a.k.a., an on-site manager hired directly by the association)
- An unpaid volunteer resident providing management to his or her association of residence
- A member of an association board, acting without pay, providing management to his or her association

- Receivers or bankruptcy trustees or other persons acting pursuant to a court order
- A licensed attorney representing an association or common interest community in any business that constitutes the practice of law
- A licensed certified public accountant providing bookkeeping or accounting services to an association or a common interest community manager
- A licensed real estate agent from selling, leasing, renting or managing lots within a common interest community
- Managing entities of time-share projects

Important Dates

March 4, 2008	Virginia General Assembly passed legislation requiring the licensing of professional community association managers; sent to the Governor for signature (pending).
July 1, 2008	Legislation becomes effective
October 1, 2008	Deadline for obtaining a provisional license
June 30, 2011	Provisional licenses expire; full licensing and bonding requirements become effective

If I Have a Business Licensed Outside of Virginia, But Am Doing Business With a Virginia Community Association, Am I Required to Get a License?

Yes. Companies and community managers located in Washington, D.C. and Maryland providing community management services to communities or entities in Virginia must comply with the licensure requirement.

What Can CAI and [NBC-CAM](#) Do to Help Us Prepare for the Law?

In the next few weeks, CAI will be setting up a webpage to provide you with up-to-date information on the new law as the Commonwealth moves toward implementation. We will notify you when this page is set up.

CAI and [NBC-CAM](#) are preparing grandfather programs and discount programs for educational courses, designation, and certification fees to make it easy and less expensive for CAI members and [CMCAs](#) to obtain their Virginia license.

We are working with our network of insurance agents to advise them of the new requirements, and will work with them to offer the appropriate coverage to fulfill the bonding requirement of the licensure program.

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