



# The Consumer Affairs Branch of Fairfax County

Department of Cable Communications  
and Consumer Protection

and

Washington Metropolitan Chapter of  
Community Associations Institute

Present

House Bill 516 – A Year Later

– And, Much More

# Supporters

Armstrong Management Services

Chadwick, Washington, Moriarty, Elmore & Bunn, P.C.

Law Office of William A. Marr

MercerTrigiani

National Realty Partners

Rees Broome, PC

Segan Mason & Mason, P.C.

Whiteford Taylor & Preston LLP

# Featuring

Kenneth E. Chadwick

Edward J. O'Connell, III

Heather S. Gillespie

Carol J. Hanas

William A. Marr

William B. Mason, Jr.

Theresa Swan Melson

Todd A. Sinkins

Lucia Anna Trigiani

# Agenda

- Welcome and Introduction
- Background
- CICB Actions and Accomplishments
- Management Company Performance Standards under the Regulations
- New Insurance Requirements
- Ombudsman Report
- 2009 Session Report
- Legislative Process and Preview
- Discussion

# Overview

- House Bill 516 and Senate Bill 301
- Recommendation of the Housing Commission
- Collaborative effort:
  - Community Associations Institute
  - Virginia Association of Community Managers
  - Virginia Association of Realtors
- Lawyers and Accountants

# Overview

- Eleven Member Citizen Board
- Property Registration Programs
- Management Firm Licensure
- Management Firm Employee Certification
- Insurance Requirements Strengthened
- Common Interest Community Ombudsman
- Resale – Condominiums and Property Owners' Associations

# Creation of CIC Board

## CIC Board

- 11 members, appointed by Governor
- Jurisdiction to investigate and adjudicate complaints initiated by members against an association
- Administers recovery fund; reviews and adjudicates claims for recovery; power to take disciplinary action against managers

# Creation of the Office of the CIC Ombudsman

## Creation of Office of CIC Ombudsman

- Appointment of a CIC Ombudsman
- Will serve as an informational resource to members of associations
- Help members understand their rights
- Maintain data on complaints received
- Reports to CIC Board

# Citizen Board (Section 54.1-2348)

- Appointed by Governor
- 3 common interest community managers
- 1 community association attorney
- 1 community association accountant
- 1 representative of the time-share industry
- 2 developer representatives
- 3 citizens:
  - 2 residents
  - 1 current or former board member

# Common Interest Community Board

- F. James Ahlberg, CPA
- Pamela S. Coerse, Time Share Industry
- Ronda S. DeSplinter, Community Manager
- Kimberly B. Kacani, Vice-Chair, Developer
- Douglas M. Kleine, Citizen
- Barry S. Lineback, Citizen
- Milton W. Matthews, Community Manager
- R. Lee Merritt, Community Manager
- Scott E. Sterling, Developer
- Lucia Anna Trigiani, Chair, Attorney
- Katherine E. Waddell, Citizen

# Common Interest Community Board Staff

- Trisha L. Henshaw, Executive Director
- Thomas K. Perry, Property Registration Administrator
- Betty C. Jones, Administrative Assistant
- Lisa Robinson, Licensing Specialist
- Raymond West, Licensing Specialist
- Heather S. Gillespie, Attorney at Law, Ombudsman

# Common Interest Community Board

## Areas of Authority:

- Licensing Management Companies
- Certification of Managers
- Training and Education
- Registration and Oversight of Associations
- Protection of Associations from Dishonest Managers
- Property Registration: Condominiums and Timeshares
- Setting and Collecting Fees

# Common Interest Community Board Actions and Accomplishments

- Management Firm Regulations
  - Public Comment
  - August 3 Public Hearing
- Ombudsman Regulations
  - Committee Named
  - Under Review
- Manager Certification Regulations

# Management Company Regulations

- Proposed by the Common Interest Community Board
- Currently under review in the routine review process for regulations by the executive branch
- Public comment period conducted June-August with public hearing in August
- Changes made by Board in response to public comments
- Information may be found at <http://www.townhall.virginia.gov>

# Key Components of the Regulations

- Application Procedures and Qualifications for Licensure
- Fees and Annual Assessments
- Renewal and Reinstatement

###

For license look-up information – go to

[www.dpor.virginia.gov/dporweb/dpormainwelcome.cfm](http://www.dpor.virginia.gov/dporweb/dpormainwelcome.cfm)

# Standards of Conduct and Practice

- Grounds for Disciplinary Action
- Maintenance and Management of Accounts
- Prohibited Acts
- Establishment of a Code of Conduct and Internal Accounting Controls
- Response to Inquiry and Provision of Records
- Training Programs and Examination

# Impact of Licensing on Associations

- Increase in contract fees
- Associations should ask for a copy of license and proof of fidelity coverage (certificate of insurance)
- Better quality of managers
- More venues to address issues with management

# Association Insurance Requirements

Association must maintain

- Blanket fidelity bond  
or
- Employee dishonesty policies

Policies cover

- Losses resulting from theft or dishonesty by association officers, directors, employees, or the managing agent or management employees.

# Association Insurance Requirements

Insurance must be an amount equal to the lesser of

- \$1,000,000
- or
- Reserve balances plus one-fourth of the average annual assessment
- With a minimum of \$10,000 in coverage.

# Association Insurance Requirements

Management firms are required to carry blanket fidelity bond or employee dishonesty insurance that protects the management firm

**and** communities managed by the management firm from loss.

# Association Insurance Requirements

The insurance coverage must be in an amount equal to the lesser of **\$2,000,000**, or the highest aggregate amount of both the operating and reserve balances of all associations under the control of the management firm, but in no event less than **\$10,000**.

# What *Does* the Ombudsman's Office Do?

July 1, 2008 – October 16, 2009

- 322 Complaints received
- 299 Complaints closed
- 1,452 phone calls received and returned
- 1,170 emails received and returned

# What *Does* the Ombudsman's Office Do?

Where do the Complaints come from?

- 24% Central Virginia
- 34% Northern Virginia
- 28% Tidewater area
- 13% Southwest Virginia

# What *Does* the Ombudsman's Office Do?

## What are the Complaints about?

- 22% Condominium Unit Owners Associations
- 43% Property Owners' Associations
- 33% Time-shares
- 3% Management Companies

# Current Status of the Ombudsman's Office

Receiving complaints daily

Regulations drafted, pending approval

Final adverse decision process not yet in place  
– thus no \$25 fee

Limited ability to resolve complaints

# What to Consider When Submitting a Complaint to the Ombudsman's Office

No blanket investigations

No jurisdiction prior to July 1, 2008

No legal opinions or interpretations

No enforcement ability

Must be a common interest community

It's not that we *won't* help you, it's that we *can't*

We may not be able to respond immediately

# Session Overview

- Short Session
- Convened – January 14
- Adjourned – February 28
- Veto Session – April 8

# Session Statistics

- 2577 Bills introduced
- 317 Bills carried over (2008 Session)
- 1496 Bills passed
- 1396 Bills failed

# Common Interest Community Board

- 8 failed Bills
- Constituency of Board
- Limiting Board Authority
- Senate Bill 1143
  - Senator Mary Margaret Whipple
  - Recommendation of Virginia Housing Commission

# Common Interest Community Board

- Limits Board authority to impose fines
  - Governing boards, not individuals
  - Hearing a pre-requisite
- Changes Annual Assessment
  - 0.02% increased to 0.05% of gross receipts / gross assessments
  - Minimum \$10.00 and Maximum \$1000.00

# Common Interest Community Board

## Technical Amendments

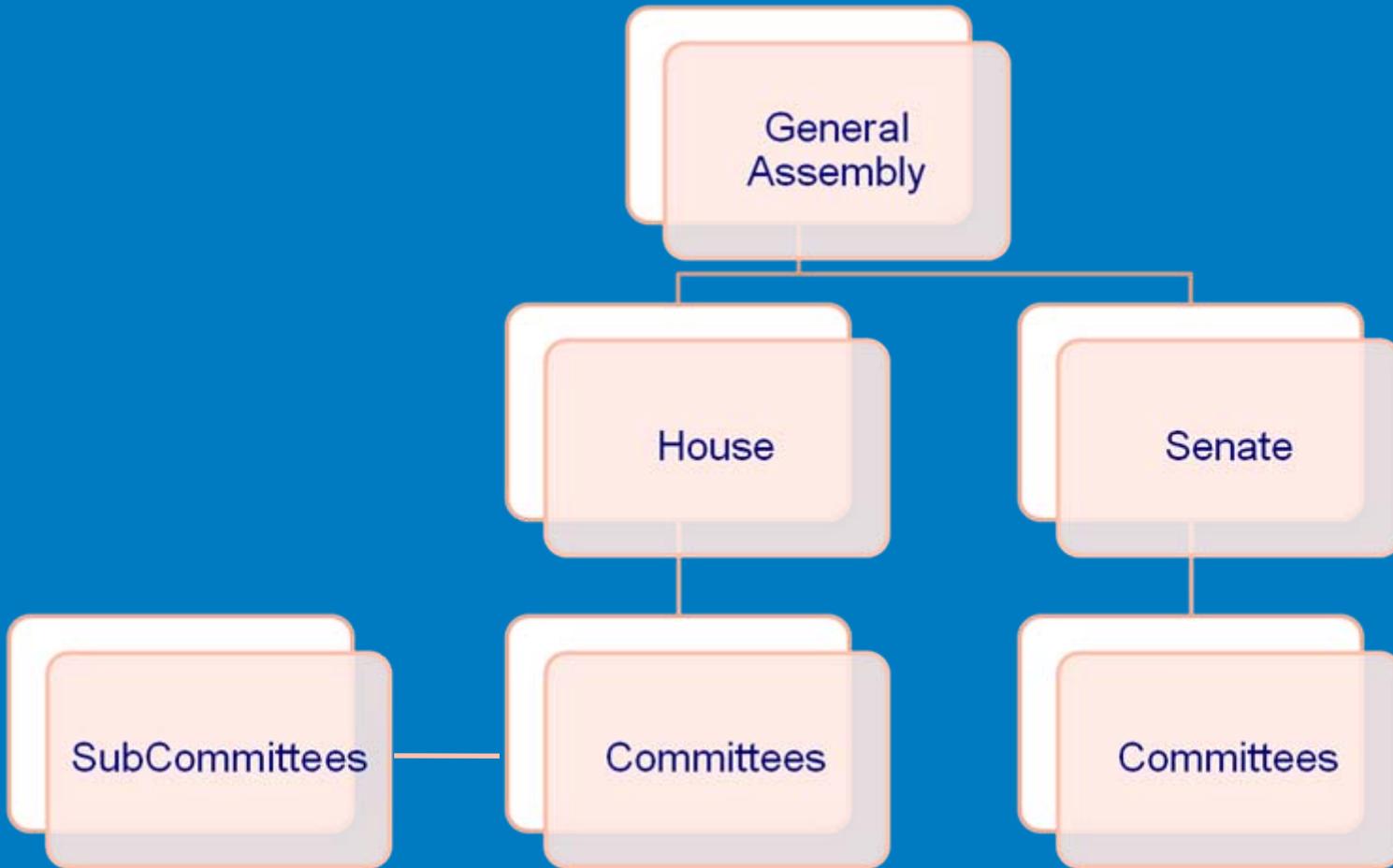
- Delivery of Association disclosure packet conformed to resale certificate
- Venue for Board action changed to Henrico County from City of Richmond



# Virginia Housing Commission

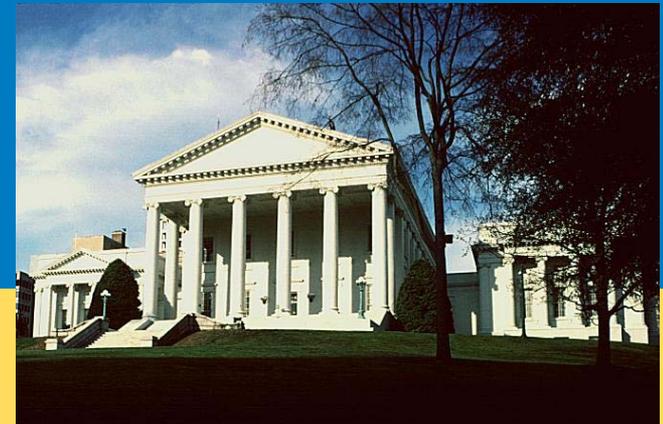
- Source of significant legislation affecting community associations
- Part of Legislative branch
- Established by Va. Code Section 30-257
- Purpose:
  - *To study and provide recommendations to ensure and foster the availability of safe, sound and affordable housing. May also study and make recommendations relating to such other housing, real property, and community development issues as it may be called upon to consider or as may be desirable.*

# Legislative Process



# General Assembly Committees

- Most of the Bills that affect community associations are considered by:
  - Senate
    - General Laws and Technology Committee
  - House
    - General Laws Committee
    - Housing Sub-Committee of the General Laws Committee
- VALAC routinely appears before these committees.



# Legislative Preview

- Assessment Lien Foreclosure
- Technology Changes
- Definition Clarifications
- Ombudsman Scope of Authority

# Discussion

Thank you  
for joining us this evening!

The program will be re-broadcast on  
Fairfax County Government Channel 16 on:

Wednesday, November 11, 2009 – 8:00 p.m.

Wednesday, November 25, 2009 – 8:00 p.m.

Saturday, November 28, 2009 – 10:30 a.m.



# The Consumer Affairs Branch of Fairfax County

Department of Cable Communications  
and Consumer Protection

and

Washington Metropolitan Chapter of  
Community Associations Institute

Present

House Bill 516 – A Year Later

– And, Much More