

HOA Rule Creation & Enforcement:

A Beginner's Guide for Board Members

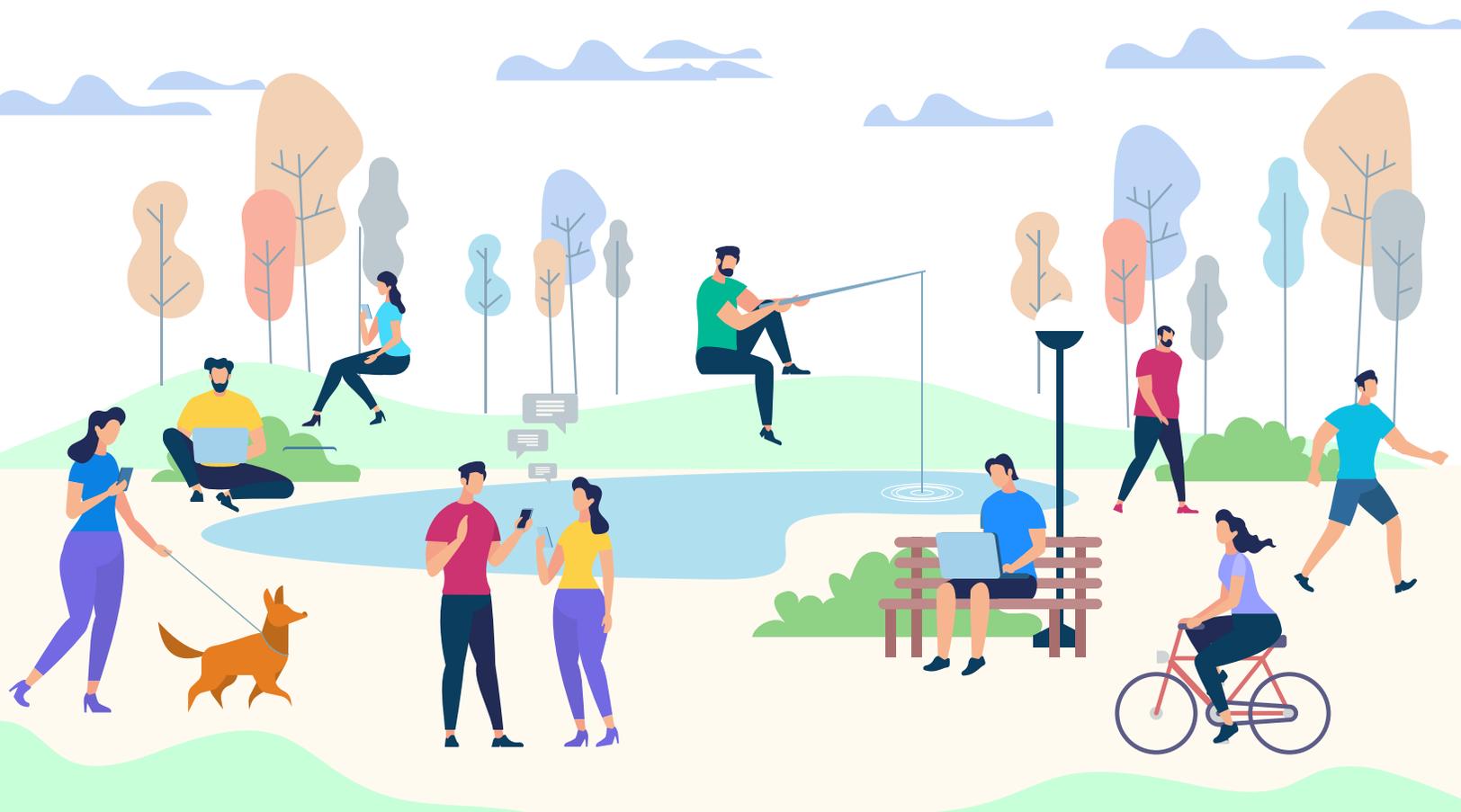


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As a member of a homeowners' association (HOA), you're legally required to follow all rules and regulations. At first glance, having rules for a neighborhood or community may seem restrictive; however, there are many benefits to having a robust set of guidelines, including:

- Preserving the aesthetics of an area
- Protecting and enhancing home values
- Enforcing the community's Covenants, Conditions, and Restrictions (CC&Rs) & Bylaws
- Maintaining the property of the association and its owners

The way your association handles rule-making—and breaking—directly correlates to the success of your community. In this ebook, you'll learn how to determine if you need new rules, how to create good rules, how to enforce rules effectively, and more!



How to Assess & Create Rules

Take some time to review current rules and determine if additional rules are needed by asking the following questions:

- What problems are we trying to solve?
- Do we actually have problems that need to be solved?
- Are these issues already addressed in our governing documents or state statute?
- Do we have the authority to do anything about these issues?

If you've asked yourself these questions, and determined your association needs new rules, follow this process to create good rules that can benefit your association and residents for years to come.

1. Think about the future.

Consider the short- and long-term implications and consequences of these rules. New rules may require other expenses, such as fees for lawyers or costs for changing governing documents.

2. Draft the rules.

Make the rules as detailed as possible to avoid confusion. Clearly state desired and undesired behaviors, when the rules take effect, how they'll be enforced, and non-compliance penalties.

3. Communicate with residents.

Inform residents that you're considering creating new rules. Communicate why the rules are necessary, provide the full text of the proposed rules, and offer an opportunity to give input.

4. Take action.

Consider all feedback from residents and make a decision. Decide if you should adopt the rules as stated, revise them, decline to enact them, or postpone action to gather more information.

5. Notify residents of the decision.

Once new rules are adopted, residents must typically be given a thirty-day notice before enforcement commences.

6. Enact and enforce.

Remember that enforcement should be the same for all rules, and that nobody is excluded from following them—including committee and board members.

6-Point Checklist: Is It a Good Rule?

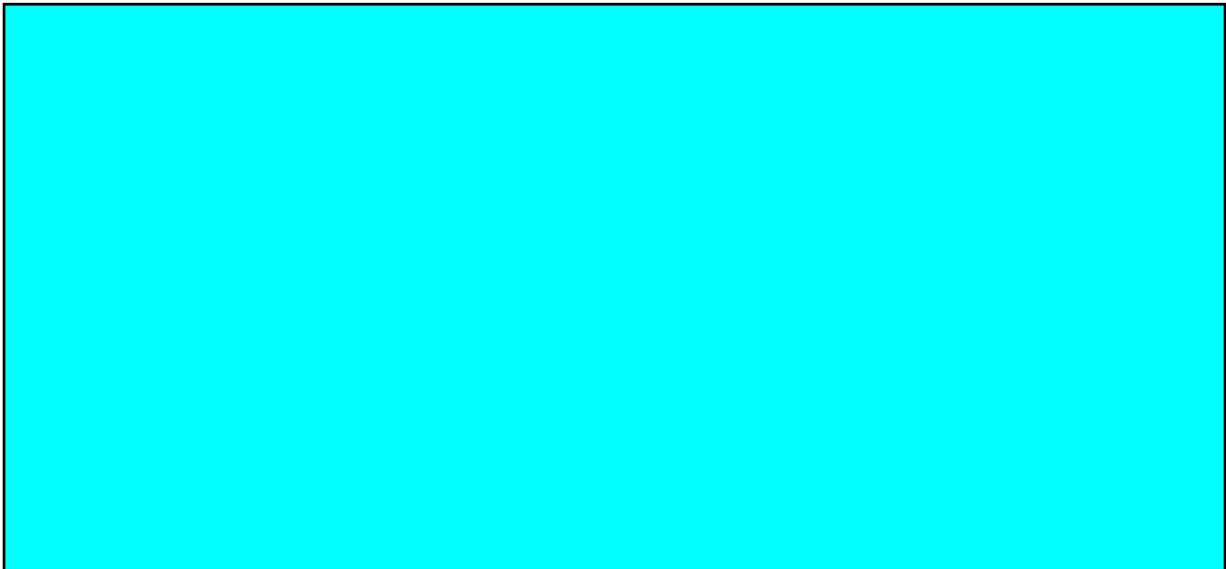
The primary purpose of having community rules and standards is to protect your investment as a homeowner and provide a common framework for neighbors. Before you make your new rule, be sure it checks the following boxes.

- It's legal.**
The rule is consistent with constitutional rights, federal law, state statutes, local ordinance, and the governing documents.
- It's necessary.**
The rule addresses actual issues that affect the quality of life for residents.
- It's effective.**
The rule will help the association achieve desired goals and promotes harmony among residents.
- It's reasonable.**
The rule includes fairness, equity, and equality and doesn't place undue hardship on residents. Residents also understand and agree with the rule and there won't be scrutiny if challenged in court.
- It's clear.**
The rule is easy to understand, leaves little room for debate, and is specific and includes penalties for non-compliance.
- It's enforceable.**
The rule can be easily, consistently, and uniformly enforced to all residents.

Stay Up-To-Date & In-The-Know with TownSq!

Do you want a better way to communicate new and existing rules with homeowners? With TownSq, the only all-in-one app for better community living, you can easily post announcements about rule changes, communicate about upcoming meetings, and access important association documents—any time and from any device!

Watch this video to learn more!



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Smart Strategies to Encourage Voluntary Compliance

If boards try to prevent violations in the first place, the net effect will be less-stressed board members, happier residents, and all-around more beautiful communities all year long. By doing the following, you'll help residents voluntarily comply so that your community can better meet its goals of maintaining property values and providing a positive living experience.

- **Address issues directly.**

Identify current behaviors and consequences of said behavior if it continues. Be authentic and make sure to have a compelling reason as to why it's important to the community.

- **Explain intentions.**

Explain where the board derives its authority to govern it to remove doubt. Help residents understand that it doesn't come from a desire to intimidate, but to inform.

- **Create a committee.**

Create a committee comprised of homeowners who aren't on the board and who aren't related to the board members to investigate and assist the board with determining the need for the rule.

- **Ask for input.**

Don't simply vote on a rule. Take the time to gather information and discuss and debate all input from residents before creating a rule.

- **Give notice.**

Give notice of the proposed rule before it's discussed and adopted. You should also give a reasonable time frame for residents to respond—usually 15-30 days.

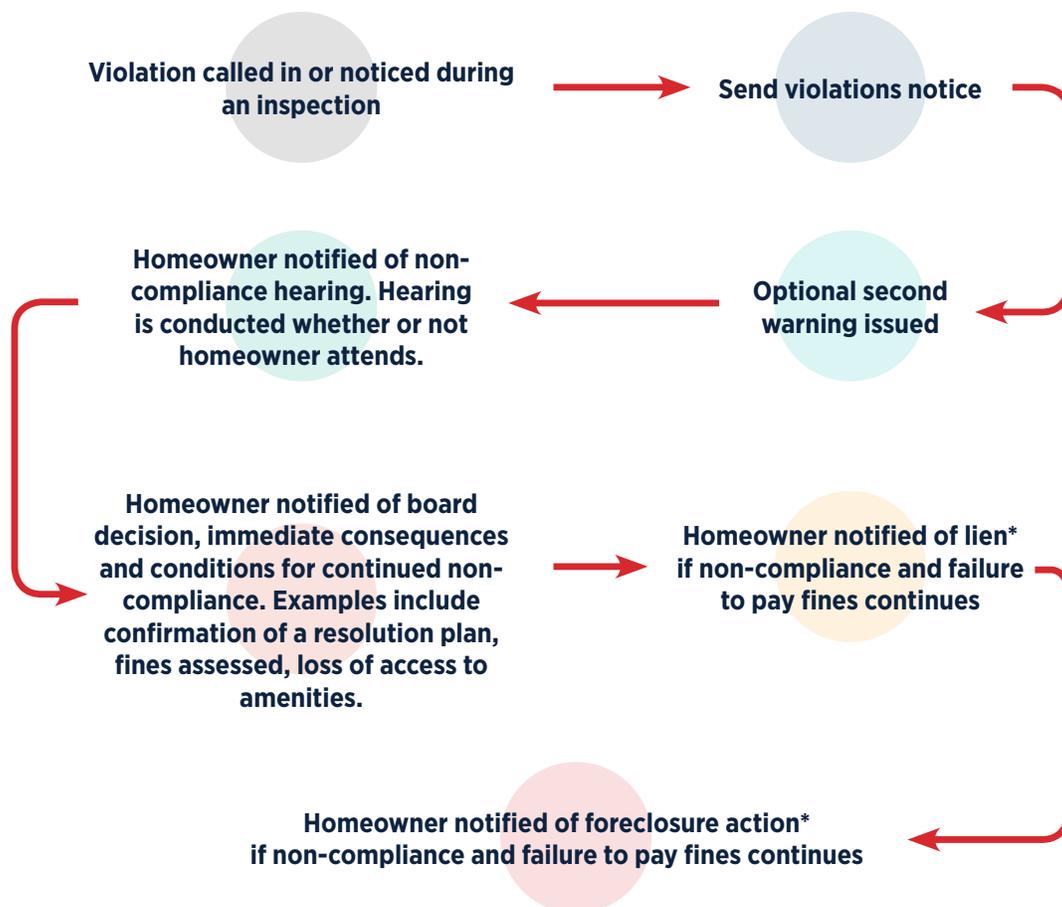
- **Communicate well and often.**

Regularly remind homeowners about new rules in annual notices, newsletters, and on community websites.

From Fines to Foreclosure: The Rule Enforcement Process Explained

Whether you're a board member leading a community or a homeowner who agreed to a set of rules at closing, understanding the enforcement process is essential to a well-functioning association. While the steps vary based on your rules and state laws, this chart explains what you can generally expect when faced with a violation.

Note: If the violation is resolved and fines paid at any step, the process stops.



**Depending on nature of violation, state law and governing document language*

Having consistent, fair, and transparent processes in place will protect all involved stakeholders. Be sure to communicate clearly and assume that everyone wants to be compliant.

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