**Windgate of Arlington - A Condominium (Village II)**
Unit Owners Association
Board of Directors
2733 SOUTH WALTER REED DRIVE, ARLINGTON, VA 22206
(703) 931-0400

April 12, 1996

Office of the Secretary
FCC
Washington, DC 20544

Dear Sirs:

As a representative of the Windgate II Condominium Association, I would like to address IB Docket No. 95-59, Preemption of Local Zoning Regulation of Satellite Earth Stations, FCC 96-78.

Our association has very specific covenants that restrict the usage of satellite dishes on common property elements. This is a contractual arrangement with the unit owner and has been generally accepted for the following reasons: First, our community is located in a very high density area. By our estimates, very few of our 172 units have a southern exposure with line-of-sight access. Second, because of exterior brick construction, there is limited architectural placement possibility for *any* satellite dish. Finally, we believe that it was not the intent of congress to permit the FCC to usurp the associations' architectural controls.

Our association would like to comply with the regulations, but there must be some reasonable accommodations.

Sincerely,

Allen G. Carter, Jr.
President, Board of Directors
Windgate II of Arlington

cc: KPA
CAI

**GREENBELT HOMES, INC.**

HAMILTON PLACE, GREENBELT, MARYLAND 20770

Area Code 301 474-4161

April 12, 1996

Office of the Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Re: Proposed Rule Making,
25.104(f)

Dear Secretary:

I write on behalf of Greenbelt Homes, Inc., a 1600 unit market equity cooperative housing development in Greenbelt, MD. The proposed paragraph (f) which would specifically eliminate all nongovernmental restrictions on the installation of 1 meter satellite antennas, except where health and safety concerns exist, is - and I say this with respect for your efforts and legislative mandate - bad policy which arises from bad legislation. This paragraph would eliminate the reasonable clauses of proposed 25.104(a), which allows aesthetic concerns to be managed locally, and 25.104(c-e) which allow for appeal to the Commission in extraordinary cases.

Greenbelt Homes, Inc., is one organization negatively affected by the proposed 25.104(f), but let me provide some context. Ours is an older, wooded, historic, cooperative community. As a corporation, our tangible structural assets and common spaces are jointly owned by our members who also occupy the housing. Our members participate in creating reasonable rules and regulations which balance individual autonomy with community needs. We have addressed the issue of small satellite dishes; installation of such dishes is allowed, subject only to general considerations of aesthetics, neighbor approval, structural integrity of the jointly owned housing stock, and interference with other elements of the infrastructure such as drainage swales and underground utilities.

We oppose 25.104(f) not out of antipathy towards satellite dishes but rather because this proposed rule removes desirable powers of self regulation of jointly owned assets, and at the same time removes possibilities of appeal.

Sincerely,

Alan Turnbull

Alan Turnbull
President

cc: The Honorable Steny Hoyer
The Honorable Barbara Mikulski
The Honorable Paul Sarbanes
Community Association Institute

Wes ridge Swim & Racquet Club
[illegible] Association
[illegible] Woodbridge, Virginia 22192
590-1600 • Metro 690-1010

April 10, 1996

Office of the Secretary
Federal Communications Commission
Washington, D.C. 20554

Dear Sir,

We have been informed that the Federal Communications Commission (FCC) is currently promulgating regulations to fulfill the requirements of Sec. 207 of the Telecommunications Act of 1996. We have been further informed that you propose to add the following paragraph to Sec. 25.104 of your rules:

> "(f) No restrictive covenant, encumbrance, homeowners' association rule, or other nongovernmental restriction shall be enforceable to the extent that it impairs a viewer's ability to receive video programming services over a satellite antenna less than one meter in diameter."

We **strongly** object to this paragraph of your proposed regulation. Homeowners' association covenants are contractual relationships **willfully** entered into between individuals and their associations. They are not restrictions that are imposed on the citizenry against their will by governmental organizations. Community covenants are drawn up and entered into by and among citizens in a community that have a common interest in maintaining their property values. We feel that this proposed regulation is an undue governmental intrusion into these private contractual relationships.

Further, we have been informed by the office of Congressman Tom Davis that the House subcommittee that authored this section of the Telecommunications Act (Sec. 308 of the House bill) never intended it to interfere with covenants of homeowners' associations. It appears that the FCC's expansive drafting of this paragraph of the regulation was done without regard to congressional intent, but rather to advance an agenda peculiar to

the FCC, or for the commercial advantage of a specific corporation.

Our association of approximately 1,500 homes is quite proud of the environment we have created through our covenants and architectural guidelines. We feel that these covenants have protected our property values and made our community a pleasant place to live. We resent the FCC's intrusion into our private contractual relationship, and in the strongest terms recommend that the above cited draft paragraph (f) of Sec. 25.104 of your rules be deleted and not appear in the final regulation.

Sincerely,

Steven Smith,
President,
Board of Trustees

cc: Congressman Tom Davis

AV BUILDER CORP
ARCHITECTURAL DIVISION
Norbert L. Lohse, AIA
Principal Architect
C-25790

April 11, 1996

Ken H. Dillingham, Jr.
C/o EPSTEN & GRINNELL
Attorneys at Law
565 West Beech St., Suite 500
San Diego, CA 92101

Re: Telecommunications Act of 1996 (Satellite Dishes)

Dear Ken,

Pursuant to your last CLAC meeting, I have reviewed the telecommunications data provided to me at that meeting, for generating some thoughts as to architectural and other impacts or effects that could arise should they allow that homeowners installed small satellite dishes, (less than one meter; 39.37 inches).

I will try to address specific areas by categorizing impact concerns, including, health/safety, architectural, structural, landscape, insurance, and special circumstances.

A. Health/safety Concerns:

1. Whenever a mechanical device and their component parts, like satellite dishes, are installed, whether on a roof, a balcony, a patio, attached to a wall, etc., there are always inherent concerns for life-safety. The installation of a satellite dish is considered a subtrade within the construction industry, therefore, carries with it inherent installation risks. An installer could fall off a roof, or while trying to reach, fall, or when on a roof walk into live, high voltage electrical lines.

2. There are cases, where roof substrates are too weak to accommodate additional loads, and walk on. This creates the probability where a worker could fall through, damaging a building's structural components and its waterproofing system. Damage to occupants contents could also occur, not to mention the possibility of injury to the workers or homeowner trying to install the satellite dish.

3. While precariously working off a ladder to attach a satellite dish to a wall, the ladder could collapse or slide off its footing causing the installer to fall. Or, the

installer leans too far out to one side of the ladder and falls. This especially becomes a problem when homeowners try to do work which they are not trained for or do not the appropriate tools to properly do such work.

Adults and small children walking or playing beneath ladders, scaffolds, could be disastrous injured should something fall on them.

4. The running of electrical wires for satellite dishes can impede proper roof drainage, causing water to pond, or drain too slow. Eventually, ponding or standing water could destroy part of a roof system and its substrate, finally weakening structure components. This concern could lead to structural failure, and the possibility of injury should part of the roof fall. Water intrusion could short out electrical devises, creating a high potential for fire.

5. Storms could blow poorly secured satellite dishes off their mounts, creating a dangerous situation for injury or damage to people and property.

B. Architectural Concerns:

1. Depending on the architectural facade of a building, and whether it has a flat roof, with or without a parapet (a low wall along the edge of a roof), or a steep roof does place an impact on a building's final appearance. In the past, devises such as solar panels, TV antennas, etc., ruined many building appearances. Remember what San Diego once looked like up until recent years, with thousands of towering, steel TV antennas, which in some areas, are still present today. Well, satellite dishes, though not as tall, could bring that unplanned look back. Unless designed as an in tragal part of a structure, both in function as in form, satellite dishes make ugly architecture. Communities of multi-family dwellings could start looking like the futuristic cities often depicted in old 1950's space flicks, where buildings had many appendages protruding from their facades and roofs. If our homes were floating in orbit around the earth, then, maybe these dishes would work.

2. Most satellite dishes would probably end up being placed on flat roofs. Some, however, would be found on sloped (steep) roofs. It is bad enough that mechanical units, such as, heating and air-conditioning units, solar panels, boilers, exhaust fans, etc., are mounted on roofs. Now satellite dishes! The National

Roofing Contractors Association (NRCA), many manufacturers of roofing products, as too, many architects and roofing consultants all agree too much is being placed on roof surfaces today. They have become the area most easiest to place something, when no other area works. Because of this, many buildings have serious roof leaks. Equipment on roofs require proper structural support, properly flashed mounts and penetrations, which in turn require careful maintenance. All this leads to a higher probability for water intrusion, often created by lack of maintenance and excessive or inexperienced foot traffic. Many roofs like, metal or tile, during their normal life time, require little maintenance. If they do, it is because something other than the roofing system itself was installed.

3. Placing satellite dishes on balcony decks generate many of the same concerns expressed when placing them on roofs. In many cases, balcony decks are already too small. Placing a one meter satellite dish would swallows-up another six square feet or more, not including space lost to proper positioning of the dish for maximum reception.

4. Cable TV companies are bad enough when it comes to poorly hanging cable all over roof surfaces, over parapets, across gutters and down walls. Adding satellite dishes would only worsen an already problem area.

5. Architects already have a difficult enough time in making sure every element of a building's envelop is design to be watertight. This refers not only to waterproofed surfaces, but all penetrations through those surfaces. Allowing the installation of satellite dishes by contractors or homeowners would open a building up to possible water intrusion problems it previously did not have. Warrantees could be violated.

C. Structural Concerns:

1. Though most satellite dishes in themselves may not be too heavy, enough of them placed in a confined area could cause weight concerns. The weight of a single unit, placed at mid-span between to bearing members could cause creep, which is created by permanent deformation of a framing member, overtime, due to a constant load being placed on it. Creek causes sag, which in turn creates low areas where water can pond.

Ken Dillingham
Satellite Dishes
April 11, 1996

2. A structural concern could arise, where unqualified contractors, labors or homeowners precariously install satellite dishes where they could tear away or fall from their mounts. This could not only damage the building, impose undo risk or injury to any person who might be in the area at the time of failure. The weekend home-remodeler/contractor syndrome.

D. Landscape Concerns:

1. In order for satellite dishes to receive their reception, the air space in front of them just always be clear; free of obstructions. This means, associations would be responsible to make sure trees and other planting were kept trimmed to avoid causing an obstruction. In some cases, tress may even need to be taken down, ruining the warm, clean environment provided by their existence in the name of television. Trees provide beauty and warmth, shade from the heat, and absorb carbon monoxide, giving off oxygen so that all of us can exist on earth. Too many trees are being destroyed today. We should not allow satellite dishes to further destroy our environment. Also, who would be responsible for the costs to maintain the trimming of trees? It certainly should not be the general membership.

2. There are cases when satellite dishes may need to me mounted at grade. This can impose additional cost on association's maintenance fees, and create liabilities as to safety and vandalism. The extra time it takes to perform regular landscape maintenance around these dishes could be charged to the associations. Also, association surely should not be held responsible for damage to satellite dishes mounted in common use areas.

3. Satellite dishes mounted in common areas must have wires running to their use. This could involve tearing-up landscaping, or strewing wires across poles, trees, buildings, etc. Who would be responsible to ensure the wires are properly installed, and, who is going to maintain them, or repair them when someone accidentally cuts a line?

E. Insurance Concerns:

1. Who's insurance would cover damage to association property by the installation of an individual's satellite dish?

2. Who's insurance would cover damage to the owner of a satellite dish, should damage occur while mounted on association property?

3. Who's insurance company would pay should someone become injured while installing a satellite dish, or while it is mounted on association property.

4. Should associations require special insurance policies for satellite dish owners, to protect common areas, homeowners, their tenants and guest?

F. Special Circumstances:

1. Property values could drop if architectural controls were not enforced. Potential buyers may be turned off when they observe a mixture of satellite dishes mounted along building surfaces, ruining the architectural design of a building.

2. Maintenance costs could go up. Issues pertaining to who would be responsible for mainteance in certain areas could also become cloudy.

3. When it is necessary to place a satellite dish in common area, how much area would be required?

4. Who would be responsible for vandelism to someones satellite dish. Associations sure could not be expected to assume that liability, which bennifits only one homeowner.

5. In mid-rise and high-rise buildings, access or chases for satellite cables may become a problem. Who would be resposible to ensure or provide proper chases for cables? And, who would be responsible to make sure all wires and the shaces tey are placed in are constructed persuant to required fire codes? What if there is limited access for wires and equipment, how would an association deal with who is and who is not permitted a satellite installation?

6. Who, other thn the homeowner, would be required to obtain building permits in some jurisdictions? Is it expected that the association would need to spend time and money to assist a homeowner with obtaining necessary permits?

Ken Dillingham
Satellite Dishes
April 11, 1996

Ken, this is just a brief run at some of the possible problems that could arise if homeowners are permitted to place satellite dishes on common interest developments.

Do not hesitate to contact me should you require my assistance further on this matter.

Yours truly,

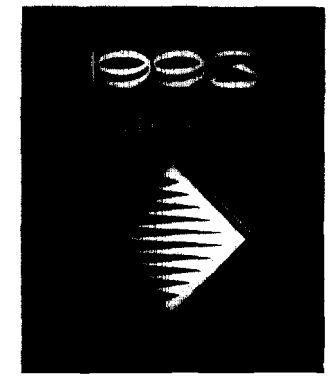
Norbert L. Lohse, AIA

NLL/bms

ll_bd1.wpd

■ Edited by Clifford J. Treese, CPCU, ARM

# COMMUNITY ASSOCIATIONS FACTBOOK



# Community Association Facts At-a-Glance

# CA Financial Facts At-A-Glance

- Median monthly assessment: **$123**
- Average sale price: **$ 87,560**
- Estimated average annual budget for a CA: **$122,508**
- Estimated resale value of all CA units: **$1 Trillion**
- Estimated total annual operating expenditures for all CAs in the U.S.: **$17 billion**
- Estimated total reserves (money set aside for future repairs) for all CAs in the U.S.: **$5 Billion**

■ Edited by Clifford J. Treese, CPCU, ARM

# COMMUNITY ASSOCIATIONS FACTBOOK

■ **Sponsors**

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Warren, New Jersey

**Community Associations Institute**—Alexandria, Virginia
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1993
EDITION

# Acknowledgments

This new edition of *Community Associations FactBook* is more than just an updating of the original 1988 publication although it certainly is that. It represents a determined effort to set the facts of association life in the context of a complex history. And, it also represents a determined effort to see community associations in terms of their differences and their similarities.

Both of these efforts relied on the contributions and support of key volunteers and staff. I would like to especially thank the following CAI members:

**Byron R. Hanke**, Byron R. Hanke Associates, Chevy Chase District of Columbia.
**Katharine Rosenberry**, Associate Dean, California Western School of Law, San Diego, California.
**Michael Dick, PCAM,** Arvida Management/ JMB Partners, Heathrow, Florida
**David Gibbons, PCAM**, Capital Consultants Management Corp., Dallas, Texas; President, CAI, 1992-93
**W. Stephen Castle, PCAM, AMS**, Mid-Atlantic Management Corporation, Plymouth Meeting, Pennsylvania

Others who deserve recognition for assistance with this edition include: Robert Diamond, Charles Edgar, Paul Mengert, PCAM, **Jerry Levin, Mary Jane Moore, PCAM, George E. Nowack, Jr., David Regenbaum, PCAM, John W. Miller, Jr., CPCU, Stephen J. Harvill, PCAM, and Vivian G. Walker, Ph.D.**

Volunteers function best when they work with the best staff. This project has had the best staff. Debra Bass, CAI Staff Vice President for Communications, has been patient and demanding, and flexible and stringent—whatever the situation required. The effective design and layout of this book by Missy Reynolds, CAI's Art Director, made an enormous amount of information digestible and easy on the eye. The environment of professionalism fostered by CAI's Executive Vice President, Barbara Byrd-Lawler, CAE, has helped us all to produce this new edition.

Despite this excellent support, the Editor asks the reader's indulgence for errors of emphasis and format: they are solely the result of my own diligent efforts.

Clifford J. Treese, CPCU, ARM
Vice President
Common Interest Community
Underwriting Services, Inc.
Arlington Heights, Illinois

*A special thank you to* ***Ian H. Graham, Inc.*** *and* ***The Chubb Group of Insurance Companies*** *for their financial support for the printing of the book.*

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This 1993 Community Associations FactBook will introduce you to a type of housing that has offered the greatest single extension of homeownership since the housing reforms of the New Deal and the provision of GI Bill benefits just after World War II. This vital form of housing opportunity is known as the **community association**.

# TERMS USED IN THIS FACTBOOK

1. This book follows the Uniform Law Commissioners' format for the three basic types of individual associations: **condominium, cooperative** and **planned community**.

2. Here, the term **Planned Community** compresses individual names such as homeowner association and property owner association, removes marketing and architectural style as a basis for definition and focuses on meaningful legal distinctions.

3. Occasionally, reference will be made to **common interest community** (CIC), but for the most part the term **Community Association** or the acronym **CA** will be used.

# WHAT IS A COMMUNITY ASSOCIATION?

**Community Association (CA)** is a generic term used to describe residential developments in which each owner is bound to a real estate organization by a set of governing documents that require adherence to a set of rules and the payment of assessments. The money collected in assessments is used for the operation of the association. Membership is automatic when a unit is purchased. CAs are not voluntary organizations.

This book addresses only residential communities even though numerous types of community associations serve commercial, industrial, vacation and recreational interests (e.g., dockominiums, time-sharing projects) as well.

Association terminology is still varied and, at times, confusing. Most of the confusion stems not so much from the newness of the industry, but from the sudden growth over the last 20 years. And, terminology varies from state to state because real estate transactions in the United States are controlled primarily by state laws.

Though real estate practices (and thus terminology) vary among the fifty states, it is important to note that the general community association terms and concepts discussed in this book are valid in any locality.

## 3 Basic Characteristics of Community Associations

1. All owners are automatically members
2. Governing documents bind all owners to a governing association and require mutual obligations
3. Mandatory fees (assessments) are levied against owners for the operation of the association

### Residential community associations (CAs) come in three types:

**Condominium** a person has individual ownership of a unit and a tenant in common ownership of the common elements

**Cooperative** a corporation holds title to the units and common areas and a special lease gives a person exclusive right of occupancy of a unit

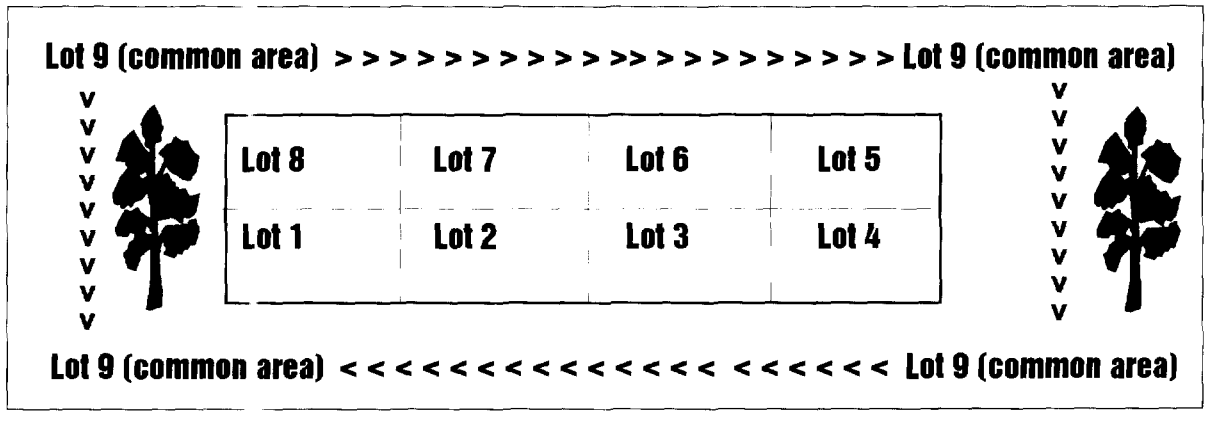
**Planned Community** a person has individual ownership of a unit and a corporation has title to the common areas

These three types of CAs can exist by themselves, or they can be grouped in clusters termed **Master Associations, Umbrella Associations** or **Master Planned Communities**. If multiple uses are included, the term **Mixed Use Association** is used.

# Who Owns What?

## Hypothetical Community Association

(Lots 1-8 could be units in a high-rise building, townhouses in a row, or single family homes on their own l




## Ownership

| Type of CA | Units or Lots 1-8 | | Common Elements (or Area) Lot 9 | |
|---|---|---|---|---|
| | Unit Owner Title | Assn Title | Unit Owner Title | Assn Title |
| Condominium | x | — | x* | — |
| Cooperative | — | x | — | x |
| Planned Community | x | — | — | x |

*Chart is derived from Norman Geis, "Beyond The Condominium: The Uniform Common Interest Ownership Act," Lawyer's Supplement to the Guarantor, Chicago Title Insurance Company, May/June, 1983.*

* *Title to the common elements is held by all the unit owners as tenants in common.*

## Two other varieties of cooperatives

### California Community Apartment Project

Title to all the units is held by all unit owners as tenants in common, and each unit owner has an occupanc agreement entitling him or her to exclusive use of his or her own unit.

### Real Estate Cooperative

The governing documents of the cooperative may provide that the proprietary leasehold estate in the unit an the appurtenant membership interest in the cooperative association are "real estate for all purposes" and no personal property as is typically the case.

# WHAT IS IN A NAME?

| GENERAL CA TERMINOLOGY | ORIGIN |
|---|---|
| **Community Association (CA)** | Refers to all types of associations; preferred by CAI and Bureau of Condominiums of Florida |
| **Common Interest Realty Association (CIRA)** | Refers to all types of associations; preferred by the American Institute of Certified Public Accountants (AICPA) |
| **Common Interest Development (CID)** | Refers to all types of associations; used by the California Department of Real Estate (DRE) |
| **Residential Community Association (RCA)** | Refers to all types of associations and used by the Advisory Commission on Intergovernmental Relations (ACIR) in a recent report |
| **Common Interest Community (CIC)** | Refers to three specific types of associations and is used by the National Conference of Commissioners on Uniform State Laws (NCCUSL) |
| **INDIVIDUAL CA ASSOCIATION TERMINOLOGY** | **Condominium, Cooperative, Planned Community** |

***Common Interest Community* is the term used by the National Conference of Commissioners on Uniform State Laws in developing these Uniform Real Property Acts:**

## Uniform Real Property Acts

1. Uniform Condominium Act
2. Uniform Planned Communities Act
3. Model Real Estate Cooperative Act
4. Uniform Common Interest Ownership Act

*Collectively, these statutes, with modifications, have been adopted in almost one-third of the states.*

## Planned Communities are a Unique Breed

Condominium and cooperative are straightforward terms, but with **planned communities**, definitions start to fragment. Planned communities go by a number of names which reflect marketing themes and/or architectural styles: homeowner association (HOA), owners association, townhouse association, property owners association (POA) and planned unit development (PUD).

Planned communities can be bundled in two ways: 1. residential, which can include any combination of condoı cooperative, and planned communities; and 2. a mix of res and commercial/industrial uses.

On the one hand, it is said that someone purchases a unit ( or stock) in a particular type of individual association. For i one buys a condominium unit and not a condominium bec term **condominium** refers to the entire association. On t hand, the individual association may be part of a more com planned community governance structure which is termed

- **Master Association** *(also known as Umbrella Association or Master Planned Community)*, or
- **Mixed Use Association**

## Similarities and Differences Between Master Associations and Mixed Use Associations

### Similarities

1) Both a Master Association and a Mixed Use Associati be made up of sub-associations—individual condomin cooperative and planned community associations.

2) These sub-associations are separate CAs in their own with their own governing documents and structure.

3) The sub-associations can be any number and combina condominium associations, cooperative associations o planned community associations.

4) Each of the individual sub-associations, however, must be to the Master Association.

### Differences

1) A Master Association almost always refers to a purely resi arrangement; each of the sub-associations is a residential association.

2) A Mixed Use Association almost always refers to a mi of residential sub-associations and commercial and/or trial (i.e., non-residential) sub-associations.

Regardless of these technicalities expressed above and thro this *FactBook*, each type of CA—condominium, cooperat planned community—shares the three common characteristi tioned on page 1: automatic membership, governing documents t the unit owner to the CA and require mutual obligations to be pe by the unit owner and the association, and mandatory economic or assessments levied on each owner to operate the CA.

# Community Association Types—Compared and Contrasted

| Topic | Condominium | Planned Community | Cooperative |
|---|---|---|---|
| **Primary enabling statute** | State Condominum Act | No statute required; but there may be one | No statute required; but there may be one |
| **Other important legal basis** | Nonprofit or Stock Corp. Act<br><br>Common Law | Same<br><br>Common Law | Same<br><br>Common Law<br>Landlord/Tenant Law |
| **Name of governing documents** | Declaration<br>Master Deed<br>Articles of Incorporation<br>Bylaws | Declaration of Covenants, Condit. & Restrct. (CC&Rs)<br>Articles of Incorporation<br>Bylaws | Proprietary lease or occupancy agreement<br>Membership agreement<br>Regulatory agreement<br>Articles of Incorporation<br>Bylaws |
| **Other important documents** | Rules and Regulations<br>Board policies and procedures<br>Book of Restrictions<br>Public Offering Statement | Same<br><br>Same<br>Same<br>Same | Same<br><br>Same<br>Same<br>Same<br>Recognition Agreement |
| **Name of individual owner** | Unit owner/Co-owner | Homeowner | Member, Cooperator<br>Shareholder, Stockholder |
| **Name of what an individual purchases or occupies** | Unit | Home/Townhome | Stock,<br>Membership Certificate<br>(*A special lease allows exclusive use of a unit for a specified time period*) |
| **Type of individual ownership interest** | Real property; hence can can be mortgaged; fee simple | Same as condominium | Real property or personal property<br><br>Usually personal property and not real estate |
| **Name of that portion not purchased by an individual** | Common elements | Common area | Nothing is purchased by an individual; all owned by association |

| Topic | Condominium | Planned Community | Cooperative |
|---|---|---|---|
| **Name of fees paid to association** | Assessment (usually monthly) | Assessment (monthly, quarterly, annually) | Monthly Charge, Carr Charge, Rent, Assessm (Usually monthly) |
| **Uses of Assessments** | Common area expenses—paid as part of assessment | Same | Same |
| | Common area reserves—paid as part of assessment | Same | Same |
| **Mortgage payments** | Unit owner pays directly to lender and is personally liable for own mortgage | Homeowner pays directly to lender and is personally liable for own mortgage | Blanket mortgage on bldg. and units paid by t assn.; member is not personally liable |
| | | | Mortgage: if member has loan, then he/she is personally liable for loa |
| **Real estate taxes** | Same as with mortgage above | Same as with mortgage above | Blanket real estate taxe same as with blanket mortgage above |
| | | In some states, taxes are also levied against common areas—if so they are paid as part of assessment | In California, most taxe are levied against the u |
| **Benefits of ownership** | IRS allows a unit owner to deduct mortgage interest and real estate tax payments on the unit | Same as condominium | Same, but because of a blan mortgage and real estate taxes, formula is used t pass through this deduction to members |
| | Equity appreciation | Same as condominium | Same, but may be restriction on equity |
| | | | Possible lower monthly charge if subsidy was used when developed |
| **Applicable section of Internal Revenue Code** | 528 & 277 | 528 & 277 | 216 & 277 |
| **Who holds title to a unit?** | An owner | An owner | A cooperative corporation—it holds ti to the entire building (common area and unit |
| | | | A special lease allows exclusive use of a unit for specified time period |

| Topic | Condominium | Planned Community | Cooperative |
|---|---|---|---|
| **Who holds title to the common areas?** | Unit owners—held as tenants in common; controlled by Declaration & Bylaws; each individual deed requires that owner is bound by the governing documents | A separate corporation which is controlled by CC&Rs; each individual deed requires membership in that corp. and each owner is bound by the governing documents | A corporation holds title to the the entire building(s)—units and the common areas; the governing documents bind each member to the corporation |
| | Percentage interest in common elements is allocated to each unit owner usually based on developer's sale price. | Interest in common area is usually on an equal basis | Interest in the title holding corp. is determined by number of shares owned or terms of membership agreement |
| **How is an owner's vote determined?** | Usually, the number of votes is based on percentage interest in common elements, but may be equal voting or based on common expense liability | Usually, one lot-one vote, but may be based on common expense liability | Stock co-op: vote is by number of shares of stock owned<br><br>Membership co-op: one membership—one vote |
| **Who is in charge?** | A Board of Directors | Same | Same |
| **What is the role of a management company or on-site manager ?** | Advisory to the Board; a management contract may delegate authority, but responsibility is the Board's; implements Board Policy(ies) | Same | Same |
| **How do individuals know what to insure** | Read the enabling statute | Usually not applicable | Usually not applicable |
| | Read the governing documents | Same | Same |
| | Check FNMA, FHLMC,VA and FHA requirements* | Same | Same |
| **What is typically insured in association's insurance?** | Units and common areas | Common areas<br><br>Some CC&Rs require the units and common areas to be insured just like a condo or co-op | Units and common areas common areas |

* FNMA—Federal National Mortgage Association
FHLMC—Federal Home Loan Mortgage Corporation
VA—Veterans Admin.
FHA—Federal Housing Admin.

| Topic | Condominium | Planned Community | Cooperative |
|---|---|---|---|
| **How is a mortgage protected?** | Through a mortgagee Interest Insurance Certificate | The owner will have insurance for their unit; also insurance agent will issue a certificate for common area insurance coverage | Similar to a condo; but also must add a mortgage clause to the package policy |
| **Problem area** | Allocating the insuring of Improvements and Betterments—decorating paneling, cabinets, fixtures, etc.—between the CA and the unit owner is a problem area | This type of allocation is not an issue because the CA usually has no responsibility for insuring the homes | Again, the same allocation problem as a condominium |
| **How is a unit owner protected?** | Commercial package policy of the association will provide some type of protection<br><br>By purchasing a homeowner policy which is called an HO-6 | There is usually no direct protection in the package policy for the owner<br><br>By purchasing a homeowners policy—<br>HO 00 01<br>HO 00 02<br>HO 00 03<br>HO 00 08 | Same as condominium<br><br>By purchasing an HO-6 |

# WHAT IS THE HISTORY OF COMMUNITY ASSOCIATIONS?

*Community Associations have a long but not ancient history. Certain popular writers in the 1960s asserted that condominiums could be found in ancient Rome. This is not the case; recent scholarship has demonstrated that Roman law was antithetical to condominium development and that the first proto-condominiums probably appeared in the Germanic states during the late middle ages.*

## What Led to the Development of Each Type of CA?

**Planned Communities:** unfolded at the turn of the century as America struggled to control both urban growth and suburbanization by emphasizing carefully designed development practices, supported by municipal laws and private covenants, that would maximize profit for both the builder and the home owner.

**Cooperative Development:** responded to housing shortages, especially after each world war, and the need for quality, low-moderate income housing by de-emphasizing the profit motive for the builder and the unit owner and stressing housing as a social investment that would simultaneously improve people's lives.

**Condominium Development:** responded to significant housing demand fueled by an expanding economy in the late 1960s and early 1970s and, like the planned community, emphasized the profit motive for both the builder/developer/converter and the unit owner by viewing housing as an investment.

## Pioneering builders of large scale subdivisions knew they needed to accomplish three goals:

1. **Establish a technique for enforcing and adapting deed restrictions for the duration of the housing development.**

2. **Develop and maintain common areas and recreational facilities.**

3. **Provide services for property owners and other residents and provide a mechanism for the continued provision of those services (i.e., assessments).**