

Community Trends®



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LEGISLATIVE UPDATE

Let's not give our residents bad stories to tell...

We've all seen the stories in the newspapers and in our online news feeds about another homeowner association board in America run amok...passing and enforcing unreasonable rules, failing to hold public meetings and annual elections, not being accountable for the money they spend, treating their members like villains instead of neighbors, and so on. Those stories have even been parodied in a recent series of television commercials for a national insurance company. Of course, those stories are rarely reported accurately or fairly...because they're meant to be sensational so as to generate and increase readership. But let's admit it folks...there is likely some element of truth in each of those stories...so to a certain degree we have ourselves to blame for the reputation common interest communities across the country have been saddled with over the past several years.

We on the LAC read and see those stories too...but even worse, we also hear them from some of the legislators we interact with in our roles as representatives of the 2000 or so members of CAI here in New Jersey. Some of those legislators have shared similar stories they hear from their constituents who live in common interest communities, ranging from their board's failure to publish and explain a budget and how their money is spent, to the imposition of outrageous fines for relatively innocent infractions of the association's rules. Some of these legislators themselves live in CICs and see such failures of governance firsthand. Not surprisingly, these constituent complaints and personal observations have led some to introduce legislation to address these perceived failures.

When we have conversations with these legislators, we try to explain that most CICs in New Jersey are properly counselled and govern well, but the boards who are the subjects of these stories likely are not members of CAI, and still more are not managed by professional community managers nor represented by experienced legal counsel. So they are not exposed to nor have access to the vast

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resources available through CAI and these CAI member professionals. While that's not an excuse for bad governance, it is at least a partial explanation.

Recently, a bill was introduced by a legislator who was compelled to act on the stories she heard. This bill (A4787) would, among other things, increase the reach and authority of the Department of Community Affairs (DCA) over the operation of CICs in NJ, and would also create an Ombudsman's Office charged with the tasks of investigating such complaints and enforcing the various laws and regulations that apply to CICs by imposing financial penalties and taking other injunctive action. We believe these mandates are unnecessary and are working with the bill's sponsor to explain why.

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We have also learned that another legislator is intent on introducing a bill that would mandate some level of training for all CIC executive board members. While we are generally inclined to oppose additional layers of regulations on our members, this proposal may have merit as a means of educating board members on how to govern both fairly and in compliance with existing law, and thereby rendering bills such as A4787 unnecessary.

We will continue to investigate and discuss this legislative proposal.

In the meantime, let's promise ourselves and our members to stay abreast of the various laws and regulations that apply to our industry, to listen to and follow the advice of our industry professionals, and to do our best to govern fairly and reasonably...remembering always that those we govern are indeed our neighbors. ■