

2015 Community Association Fact Book

for

Massachusetts



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Foundation for Community Association Research
6402 Arlington Boulevard, Suite 500
Falls Church, VA 22042
(888) 224-4321
www.cairf.org

[The Foundation for Community Association Research](#) (FCAR) was founded in 1975. FCAR is a 501(c)(3) organization that supports and conducts research and makes that information available to those involved in association development, governance and management.

FCAR provides authoritative research and analysis on community association trends, issues and operations. Our mission is to inspire successful and sustainable communities. We sponsor needs-driven research that informs and enlightens all community association stakeholders—community association residents, homeowner volunteer leaders, community managers and other professional service providers, legislators, regulators and the media. Our work is made possible by your tax-deductible contributions. Your support is essential to our research.

This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is sold with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional services. If legal advice or other expert assistance is required, the services of a competent professional should be sought.

—From *A Declaration of Principles*, jointly adopted by a Committee of the American Bar Association and a Committee of Publishers

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Acknowledgement

General Editor

Clifford J. Treese, CIRMS
President, Association Data, Inc. (ADI)
Pleasanton, CA

The information in the *Community Association Fact Book* was developed with significant assistance from Clifford J. Treese, CIRMS. A member of CAI almost since its inception, Treese is a past president of both CAI and the Foundation for Community Association Research (FCAR). We express our gratitude for his invaluable contributions. He can be reached at clifford.treese@gmail.com.

Assistant Editors

FCAR Executive Director: David Jennings, SPHR, CAE, Falls Church, VA
FCAR Director of Programs: Jake Gold, CAE, Falls Church, VA

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Director, State Affairs: Matthew Green
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Sr. Director, CAI Press: Debra Lewin
Education Manager: Shari Lewis
VP, Communications: Amy Repke
VP, Communications (Emeritus): Frank Rathbun
Chief Financial Officer: Bruce Townsend, CPA

Contributors

Association Lien Priority:

Dawn Bauman, Matthew Green,
Robert M. Diamond, Esq., Hugh Lewis, Esq.,
Stephen Marcus, Esq., Marvin Nodiff, Esq.

Minnesota GIS Community Associations Map:

Lynn Boergerhoff, Community Atlas

55+ Condominium Unit Owner Data

Lynn Boergerhoff, Community Atlas

Volunteer Immunity and Standards of Care:

Marc D. Markel, Esq.

50 State Condominium Insurance Survey:

George E. Nowack, Jr., Esq.

Community Association Data:

Clifford J. Treese, CIRMS

Chronological History of Federal Involvement:

Clifford J. Treese, CIRMS with updates by

Dawn M. Bauman, Scott Canady and

Douglas Kleine, CAE

North Carolina Legislation

James A. Slaughter, Esq.

Utah Legislation

Lincoln W. Hobbs, Esq.

Sources

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CAI: Common Ground magazine

CAI Government & Public Affairs (G&PA)

CAI Press

California Department of Real Estate

California Law Revision Commission

Colorado Department of Regulatory Agencies

Connecticut Judicial Branch Law Libraries

Department of Agriculture – Rural Development

Department of Veterans Affairs (VA)

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Federal Home Loan Mortgage Corporation (Freddie
Mac)

Federal Housing Administration (FHA)

Federal National Mortgage Association (Fannie
Mae)

Florida Department of Business & Professional
Regulation

Florida Division of Condominiums, Timeshares and
Mobile Homes

Foundation for Community Association Research

Hawaii Real Estate Branch

Maryland Montgomery County Office of Common
Ownership Communities

National Association of Homebuilders (NAHB)

National Association of Realtors (NAR)

Nevada Real Estate Division

Urban Land Institute

Virginia Common Interest Community Board

Notes on Community Association Data: The *Fact Book* is based on information from six sources grouped in two categories:

- Public Data: (1) Census data, (2) State data, (3) Related housing industries data such as that from the National Association of Realtors (NAR) and the National Association of Homebuilders (NAHB),
- FCAR and CAI Data: (4) FCAR data accumulated over time, (5) CAI data, also, accumulated over time, and (6) Data provided by CAI members.

The public data is largely from the Census and the American Community Survey (ACS). This data has a lag time to publication, i.e., certain of the ACS 2015 data may not be available until late in 2016. Some public association data is available from individual states. This state data, also, may have a lag time from collection to publication. Usually, both the few states with association data and the ACS data lack specificity in critically identifying the three basic types of associations: condominiums, cooperatives and planned communities. Similarly, the public data may count certain association units, but not the entities (the associations) themselves. From a timing viewpoint, FCAR, CAI data and CAI member data are more readily available. Because of the timing issue, the *Fact Book* data generally may be one year ahead of public data.

Introduction

It's been said that the growth of community associations (condominiums, planned communities and cooperatives) offers the greatest single extension of homeownership opportunities since the housing reforms of the New Deal and the provision of GI Bill benefits just after World War II. The Community Associations Institute estimates that in 1970 there were 10,000 community associations nationwide. In 2015, there are 338,000 associations housing approximately 68 million Americans.

The [Community Associations Institute](#) (CAI) is a national nonprofit 501(c)(6) organization founded in 1973 to foster competent, responsive community associations through research, training and education.

The [Foundation for Community Association Research](#) (FCAR) is a national, nonprofit 501(c)(3) organization devoted to common interest community research, development, and scholarship. Incorporated in 1975, the Foundation supports and conducts research in the community association industry.

Community Association Fact Book is published by FCAR and it documents the history, current status, trends and future issues of U.S. community association housing in general. The *Fact Book*, also, provides, community association information on a state-by-state basis. The *Fact Book* and any one of the State Summaries will facilitate, demonstrate and provide an understanding of four areas:

- 1. Evidence-Based Decisions:** Facilitate the creation, publication and analysis of credible data such that evidence-based decisions on various community association issues and topics can be made.
- 2. Contributions to the Economy and Society:** Clearly demonstrate the role of community associations in maintaining housing as shelter, as a neighborhood benefit and as an investment.
- 3. Core Services:** Provide an understanding that the three core services delivered by associations (governance, community and business-like services) – that these core services are complimentary to a broad range of both local and national housing goals and of related public policy considerations.
- 4. Associations as a Housing Market:** Demonstrate that all three types of community associations (condominiums, cooperatives and planned communities) in and of themselves, are an important housing market that needs to be understood and analyzed in a comprehensive manner.

Community Association Contributions to the Economy: In the aggregate, community association housing was valued at just over \$5.287 trillion dollars at 2015 Q4 [Estimate based on the [Federal Reserve Z.1 Financial Accounts](#)]. Further, the notion of [Housing Services](#) plays an important role in this country's Gross Domestic Product ([GDP](#)). According to a National Association of Home Builders (NAHB) [Report](#): "Historically, residential investment has averaged roughly 5% of GDP while housing services have averaged between 12% and 13%, for a combined 17% to 18% of GDP. These shares tend to vary over the business cycle."

Community association housing is an important and growing component of both residential investment and "Housing Services." Using NAHB historical estimates, community associations contribute about 4.0% to 4.3% to GDP. Associations not only are a place to live, but they are a place to work and for the creation of jobs.

Community associations are big business in small increments. For more summary information on associations see:

2012 Statistical Brief	2013 Statistical Brief	2014 Statistical Brief	2015 Statistical Brief	Fact Book 2015
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Community Association National Trends and Issues

In *Democracy in America*, Alexis de Tocqueville reflected in differing ways on the constant activity that characterized American society in the 1830s as it strived for continuous improvement at all levels of society and government. Little has changed since that time. He would be right at home at a community association board meeting, at a CAI Chapter program or at a national CAI Conference or Law Seminar. The best way to keep up with association trends and issues (and the need for continuous improvement) at either or both the national or local level is through the links that follow.

At the National Level

[CAI Issues and Advocacy](#)

- From federal affairs, to state issues, to amicus briefs and more – this is constantly updated. Topics include regulatory issues with FHA and FEMA, new mortgage rules and CAI's Public Policies

[CAI Common Ground Magazine Key Issues](#)

- From aging in place, to fostering participation, to manager licensing and more – key themes from the Magazine articles. A subscription to [Common Ground](#) is part of CAI Membership, but separate subscriptions are available.

[Chronological History of the Federal Involvement in Community Associations](#)

- From the early 1900s through today, you can track over 40 major federal and similar initiatives that have impacted community associations.

[Community Next: 2020 and Beyond](#)

- The result of this lengthy initiative are four Community Next reports that represent the best thinking of several dozen CAI leaders and nonmember community association stakeholders about future issues, trends and similar matters.
 1. [Association Governance Model](#)
 2. [Community Management](#)
 3. [External Influences](#)
 4. [Public Policy Paradigms](#)

At the Local Level

[CAI Local Chapters](#)

- This will help you find and contact any of CAI's Chapters.

[CAI Grass Roots Advocacy Center](#)

- CAI's Government & Public Affairs provides political information and intelligence for the association industry.

At all Levels for All Interests

CAI Press: CAI Press, the publishing division of CAI, is dedicated to publishing the very best resources for community associations. We offer the largest collection of more than 100 books on association governance, management and operations. Browse by category, view our most popular products and discover what's new. Check back frequently to see our Featured Products and to take advantage of our money-saving promotions.

Webinars: CAI webinars offer specialized, professional training without leaving your home or office. Conducted via internet and audio teleconference, the programs are hosted by industry experts to keep you up to date on the latest legislative activity, management trends, industry best practices and subjects of special interest to community managers and homeowners. More than 200 **on-demand webinars** are now available, and new live webinars are added every month. Continuing education credit for management credentials is available.

If you are just interested in finding out more about community associations, this *Fact Book* and a State Summary is the place to start. If you live in an association or work in the association industry, this *Fact Book* will help keep you and your association current on the latest facts, trends and issues.

1. Massachusetts Population and Housing Characteristics

1.1 General Housing Characteristics

DP04: SELECTED HOUSING CHARACTERISTICS	2010-2014 American Community (ACS)	Survey 5-Year Estimates	
		Massachusetts	
Subject		Estimate	Percent
HOUSING OCCUPANCY			
Total housing units		2,816,875	2,816,875
Occupied housing units		2,538,485	90.1%
Vacant housing units		278,390	9.9%
Homeowner vacancy rate		1.3	(X)
Rental vacancy rate		4.6	(X)
UNITS IN STRUCTURE			
Total housing units		2,816,875	2,816,875
1-unit, detached		1,471,675	52.2%
1-unit, attached		146,215	5.2%
2 units		286,193	10.2%
3 or 4 units		308,150	10.9%
5 to 9 units		167,467	5.9%
10 to 19 units		120,608	4.3%
20 or more units		292,011	10.4%
Mobile home		24,023	0.9%
Boat, RV, van, etc.		533	0.0%
YEAR STRUCTURE BUILT			
Total housing units		2,816,875	2,816,875
Built 2010 or later		16,140	0.6%
Built 2000 to 2009		212,184	7.5%
Built 1990 to 1999		209,878	7.5%
Built 1980 to 1989		303,632	10.8%
Built 1970 to 1979		327,539	11.6%
Built 1960 to 1969		292,821	10.4%
Built 1950 to 1959		323,697	11.5%
Built 1940 to 1949		165,734	5.9%
Built 1939 or earlier		965,250	34.3%
HOUSING TENURE			
Occupied housing units		2,538,485	2,538,485
Owner-occupied		1,580,938	62.3%
Renter-occupied		957,547	37.7%
Average household size of owner-occupied unit		2.70	(X)
Average household size of renter-occupied unit		2.24	(X)
MORTGAGE STATUS			
Owner-occupied units		1,580,938	1,580,938
Housing units with a mortgage		1,125,262	71.2%
Housing units without a mortgage		455,676	28.8%

[Review the General Housing Characteristics for All U.S. States](#)

1.2 Population – Age, Household Type, Disability and Place of Birth

S0201: SELECTED POPULATION PROFILE	Massachusetts
2014 American Community Survey 1-Year Est.	Estimate
SEX AND AGE	
Total population	6,745,408
Male	48.5%
Female	51.5%
Median age (years)	39.4
HOUSEHOLDS BY TYPE	
Households	2,549,336
Family households	63.2%
With own children under 18 years	27.4%
Married-couple family	46.4%
With own children under 18 years	18.8%
Female householder, no husband present, family	12.5%
With own children under 18 years	6.9%
Nonfamily households	36.8%
Male householder	16.5%
Living alone	12.3%
Not living alone	4.2%
Female householder	20.4%
Living alone	16.7%
Not living alone	3.6%
DISABILITY STATUS	
Total civilian noninstitutionalized population	6,668,348
With a disability	11.6%
PLACE OF BIRTH	
Native	5,685,127
Male	48.4%
Female	51.6%
Foreign born	1,060,281
Male	48.7%
Female	51.3%

[Review the Selected Population Profile for All U.S. States](#)

1.3 Housing – With and Without a Mortgage by Age Group & Compared to U.S.

B25027: MORTGAGE STATUS BY AGE OF HOUSEHOLDER - Universe: Owner-occupied housing units	2010-2014 American Community Survey 5-Year Estimates		
	Massachusetts		U.S
	Estimate	Percent	Percent
Total:	1,580,938		
Housing units with a mortgage:	1,125,262	71.2%	65.6%
Householder 15 to 34 years	116,364	10.3%	13.4%
Householder 35 to 44 years	250,216	22.2%	22.1%
Householder 45 to 54 years	336,593	29.9%	27.3%
Householder 55 to 59 years	147,136	13.1%	12.3%
Householder 60 to 64 years	116,474	10.4%	12.3%
Householder 65 to 74 years	116,216	10.3%	10.8%
Householder 75 years and over	42,263	3.8%	4.1%
Housing units without a mortgage:	455,676	28.8%	34.4%
Householder 15 to 34 years	9,668	2.1%	4.1%
Householder 35 to 44 years	20,255	4.4%	6.4%
Householder 45 to 54 years	54,674	12.0%	13.9%
Householder 55 to 59 years	46,870	10.3%	10.5%
Householder 60 to 64 years	58,286	12.8%	12.6%
Householder 65 to 74 years	117,964	25.9%	24.8%
Householder 75 years and over	147,959	32.5%	27.8%

[Review All Housing With and Without a Mortgage for All U.S. States](#)

1.4 Property Values and Real Estate Taxes (RET) in 2013

State	Median Value of Homes	Median RET	RET Rank	Med. RET per 1,000 of value	RET Rate rank	Property Tax Share in S&L Government Revenue from Own Sources
Massachusetts	\$327,200	\$3,955	5	1.14%	18	37.10%

Source: ACS, 2013; Annual Survey of State & Local Government Finances, 2011, NAHB Estimates.

See National Association of Home Builders (NAHB): [Property Tax Rates and Real Estate Values 2013](#).

Based on recently released 5 Year [American Community Survey](#) (ACS) data, see NAHB [Property Tax Rates In and Within Counties \(April 2016\)](#) and [Effective County Tax Rates & Average Home Values \(April 2016 Excel\)](#).

Note: The *median* value is the mid-point of a frequency distribution where half of all values will be above the median value and half will be below that value. The *mean* is the average all the data in a frequency distribution.

2. Massachusetts Community Associations and Condominium Unit Owners 55+

2.1 Condominiums in 1980 & 1990

Condominium Units – Year	Number of Condo Units	Rank in Terms of All Condo Units	As a Percent All Housing Units	Rank in Terms of All Housing Units
1980	30,953	17	1.40%	26
1990	157,716	7	6.40%	10

[U.S. Census Condominiums – Statistical Brief, 1994](#)

2.2 Massachusetts Community Associations – 2015

State	Association Rank	Estimated Number of Associations	Estimated Associations in the State as Percentage of All Associations	Estimated Number Living in Associations
Massachusetts	7	12,200	3.6%	2,450,000

Estimated Board & Committee Volunteers	Estimated Value of Board & Committee Time	Estimated Value of Homes in Associations	Estimated Annual Assessments	Estimated Annual Reserve Fund Contributions
85,000	\$65,800,000	\$191,000,000,000	\$2,700,000,000	\$830,000,000

2012 Statistical Brief	2013 Statistical Brief	2014 Statistical Brief	2015 Statistical Brief	Fact Book 2015
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Community associations are one component of other primary entities in the U.S.

Entity	Number	Percent of Total Entities
Tax Exempts & Other Nonprofits	1,570,956	4.44%
Governmental Units	89,055	0.25%
Businesses	33,358,509	94.35%
Community Associations	338,000	0.96%
Total Entities	35,356,520	100.00%

For more details, see [Community Association Data Compared to Other Entities](#).

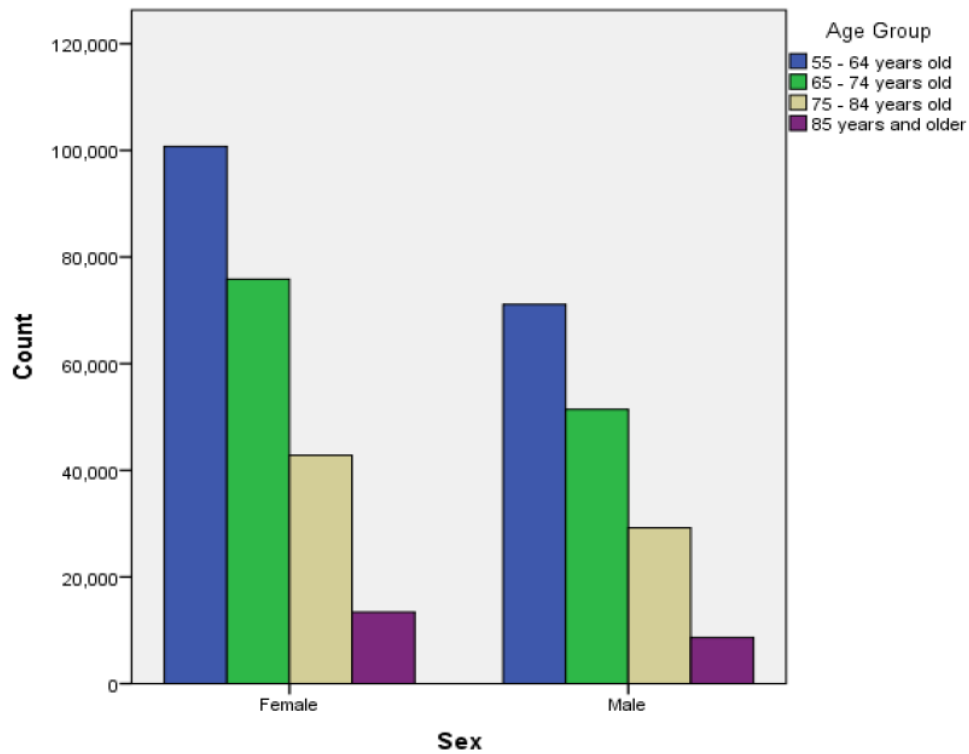
2.3 Condominium Unit Owners 55+ - By Selected Characteristics*

Like the rest of the U.S. population, owners in Massachusetts community associations are getting older. Some association owners are aging-place while others in age-restricted communities. The data next is specific to condominium unit owners that are 55+:

Table 1
Persons Age 55 and Over Living in a Condominium by Age Group and Sex

			Age Group				Total
			55 - 64 years old	65 - 74 years old	75 - 84 years old	85 years and older	
Sex	Female	Count	100,745	75,843	42,813	13,418	232,819
		% within Sex	43.3%	32.6%	18.4%	5.8%	100.0%
	Male	Count	71,099	51,430	29,215	8,612	160,356
		% within Sex	44.3%	32.1%	18.2%	5.4%	100.0%
Total		Count	171,844	127,273	72,028	22,030	393,175
		% within Sex	43.7%	32.4%	18.3%	5.6%	100.0%

Figure 1
Persons Age 55 and Over Living in a Condominium by Age Group and Sex



*Data and chart above and tables below from American Community Survey (ACS) 2011 - 2013, and Integrated Public Use Microdata Series (IPUMS-USA). Created courtesy of Lynn Boergerhoff, MPH, Community Association Atlas.

In addition to the data above, the Massachusetts Condominium Unit Owner 55+ Data from Part Four of the Fact Book contains information of the following categories:

- Table 2: *Race of Persons Age 55 and Over Living in a Condominium*
- Table 3: *Hispanic, Latino, or Spanish Origin of Persons Age 55 and Over Living in a Condominium*
- Table 4: *Mortgage Status of Households of Persons Age 55 and Over Living in a Condominium by Sex of Householder*
- Table 5: *Selected Monthly Owner Cost (SMOC) Burden by Mortgage Status of Households with Persons Age 55 and Over Living in a Condominium*
- Table 6: *Decade Housing Built of Persons Age 55 and Over Living in a Condominium*
- Table 7: *Household Size of Persons Age 55 and Over Living in a Condominium by Sex*
- Table 8: *Sex of Persons Age 55 and Over Living Alone in a Condominium*
- Table 9: *Physical, Mental, or Sensory Difficulty of Persons Age 55 and Over Living in a Condominium*

See [Part Four of the Fact Book 2015](#) for condominium unit owners 55+ data in each state and the District of Columbia.

2.4 Large-Scale Community Associations – Part Five, [Fact Book 2015](#)

The [Large-Scale Community Association Survey](#) provides a broad over-view of associations that (1) provide municipal type services, (2) contain at least 1,000 lots, units, or acres and (3) have an operating budget of \$2,000,000+.

3. CAI in Massachusetts

3.1 [CAI Massachusetts Chapter](#)

3.2 Massachusetts – CAI Professional Designations, Business Services & Manager Licensing

[Community Associations Institute](#) (CAI) and [Community Association Managers International Certification Board](#) (CAMICB) are pleased to provide this [database of credentialed professionals](#). This database allows you to locate community managers and professionals who have earned the following credentials:

Management Credentials	Other
Certified Manager of Community Associations (CMCA)	Reserve Specialist (RS)
Association Management Specialist (AMS)	Community Insurance and Risk Management Specialist (CIRMS)
Professional Community Association Manager (PCAM)	College of Community Association Lawyers (CCAL)
Large-Scale Manager (LSM)	Educated Business Partner – Distinction
Accredited Association Management Company (AAMC)	

- [Learn more](#) about what these CAI professional designations mean to you and your community.
- [Massachusetts Manager Licensing](#) [Only states with licensing are listed]

3.3 Massachusetts – Legislative Action Committee (LAC), Roster & Tracking Report

- [Massachusetts Legislative Action](#)

The CAI Massachusetts Legislative Action Committee (CAI ALAC), a committee of CAI, is the official voice of CAI to legislators and regulators in Massachusetts. CAI ALAC exists to speak with one voice on legislative and regulatory matters that affect community associations, community association managers and CAI business partners. CAI ALAC is made up of a balance of CAI members and appointees from the chapter within the state. CAI ALAC is a committee of CAI’s national office and is a partner with the CAI chapter within its state. [View the LAC roster and legislative tracking report.](#)

3.4 Massachusetts – Approved Condominiums: Fannie Mae, FHA & Department of Veterans Affairs

- [FHA Approved Condominium List – Massachusetts](#)

[Search by state and zip code]

- [Fannie Mae PERS Approved Project List – Massachusetts](#)

- [Department of Veterans Affairs Approved List – Massachusetts](#)

[Search by checking box #2 for approved condo and search by state in number #5]

4. Massachusetts Associations – Community Services as an Association Core Function

4.1 [An Introduction to Community Association Living](#)

Introduction: The purpose of An Introduction to Community Association Living is to introduce community volunteer leaders and members to community associations, provide a greater understanding of exactly how a community association works from both an organizational and people standpoint, and to endow members with the information necessary for fully enjoying and benefiting from community association living.

4.2 [From Good to Great Communities](#)

Every community has its own history, personality, attributes and challenges, but all associations share common characteristics and core principles. Good associations preserve the character of their communities, protect property values and meet the established expectations of homeowners. Great associations also cultivate a true sense of community, promote active homeowner involvement and create a culture of informed consensus. The ideas and guidance conveyed in this brochure speak to these core values and can, with commitment, inspire effective, enlightened leadership and responsible, engaged citizenship

4.3 [Community Matters – What You Should Know Before You Buy](#)

Whether you are considering buying a home in a community that is newly developed (either new construction or a conversion), a resale in an existing community or you are renting with the possibility of buying—you need to consider certain key points.

4.4 [Community Harmony & Spirit \[FCAR Best Practices\]](#)

How do managers and boards increase resident involvement within community associations? By treating all residents as stakeholders and developing and conducting community harmony and spirit-enhancing programs and including residents in the initial stages of program development. Building community spirit is more than informing residents about board action and improvements. It's asking their opinions and developing programming that they will enjoy that will spur further community involvement.

4.5 [Community Security \[FCAR Best Practices\]](#)

The goal of this Best Practices Report is to give you an assessment and review of many community security systems and features—including useful tips and tools—to help meet residents' crime prevention needs.

4.6 [Judging Community Association Success](#)

For the sixth time in 11 years, Americans living in homeowners associations and condominiums have told pollsters they are overwhelmingly satisfied in their communities. The March 2016 survey affirms the findings of almost identical national surveys conducted in 2005, 2007, 2009, 2012 and 2014. The 2016 survey was conducted by Zogby Analytics for the Foundation for Community Association Research. The findings from the six surveys are strikingly consistent and rarely vary by a standard margin error for national, demographically representative surveys. By large majorities, owners:

- Rate their overall community experience as positive or, at worst, neutral.
- Say their association board members serve the best interests of their communities.
- Indicate their community managers provide valuable support to residents and their associations.
- Support community association rules because they protect and enhance property values.

The findings objectively refute the unfounded and unsubstantiated myth that the community association model of governance is failing to serve the best interests of Americans who choose to live in common-interest communities.

On a scale of one to five, with one being very bad and five being very good, how would you rate your overall experience living in a community association?



5. Massachusetts Associations – Governance Services as an Association Core Function

5.1 [Governance \[FCAR Best Practices\]](#)

It is CAI's purpose to foster vibrant, responsive, competent community associations that promote harmony, a sense of community and responsible leadership. Common characteristics of such community associations include good communication, trust in the management and board of directors, continuing education of board members and homeowners, and uniform, flexible and reasonable enforcement of governing documents. Inclusiveness—the involvement of as many residents of the community as possible—is a critical element in fostering a sense of community.

5.2 [Strategic Planning \[FCAR Best Practices\]](#)

Strategic planning is more than ensuring your association will remain financially sound and be able to maintain its reserves—it's projecting where your association expects to be in five, ten, or fifteen years—and how your association will get there. It is a systematic planning process involving a number of steps that identify the current status of the association, including its mission, vision for the future, operating values, needs (strengths, weaknesses, opportunities, and threats), goals, prioritized actions and strategies, action plans, and monitoring plans. Strategic planning is the cornerstone of every common-interest community. Without strategic planning, the community will never know where it is going—much less know if it ever got there.

5.3 [Transition \[FCAR Best Practices\]](#)

The purpose of this report is to provide builders and associations with guidelines they can use to develop and turn over a community association project in such a way that transition becomes much easier and less confrontational. The ultimate goal of transition is for the unit owners to take over and move forward with a good reputation, with no litigation, and word-of-mouth sales.

5.4 [Ethics \[FCAR Best Practices\]](#)

The concept has come to mean various things to various people, but, generally, it's coming to know what is right or wrong in the workplace and doing what's right—usually in regard to products and services and to relationships with stakeholders. In times of fundamental change, values that were once followed inherently are now strongly questioned or no longer followed. Consequently, there is no clear moral compass to guide leaders through complex workplace dilemmas. Attention to ethics in the workplace sensitizes leaders and staff to how they should act. Perhaps most important, in times of crises and confusion, attention to business ethics helps ensure that when leaders and managers are struggling, they can retain a strong moral compass.

5.5 Massachusetts Community Association & Related Statutes

[Massachusetts Condominiums Chapter 183A](#)

[Massachusetts Cooperative Housing Corporations at 157B](#)

[Massachusetts Subdivision Regulations Title VII Chapter 41](#)

[Massachusetts Title VII Chapter 401 Section 9 PUD](#)

[Massachusetts Nonprofit Corporations at Part 1 Title XXII Chapter 16B](#)

[Massachusetts Guide to Manufactured Housing Community Law](#)

[Massachusetts Real Property Disclosure](#)

Note: While state statutes and the association's governing documents are critically important to governing the association, there are many other local, state and federal laws regulations that impact a condominium and other types of community associations.

[Community Association Ombudsman Programs by State](#) [Not all states have an Ombudsman]

See #5.5 and #5.6 next and see [Census 2012 of All State Governments](#)

Also, see [Chronological History of Federal Involvement in Community Associations](#).

5.6 Massachusetts Community Association Volunteer Immunity

MASS. GEN. LAWS CH. 231, § 85W

For more detailed information on volunteer immunity for association leaders and volunteers, see this comprehensive publication entitled [Voluntary Immunity in Community Associations](#). Volunteer directors and officers who serve on their boards face the potential for personal liability in serving the association. Although all states provide some form of immunity from liability for volunteers, the number of suits being filed each year against both community associations and their boards is increasing. The protections offered by states vary widely, and prudent board members need to consider them when formulating policy and participating in a community association. Volunteer Immunity offers a summary of volunteer immunity according to the federal Volunteer Protection Act and each state's volunteer immunity statutes and explanations of how the statutes apply to community associations and their volunteer officers and directors. Includes a chart of volunteer immunity by state.

5.7 Massachusetts Standard of Care for Community Association Directors & Officers

MASS. GEN. LAWS CH. 156D, § 8.30

MASS. GEN. LAWS CH. 156D, § 8.42

Community association directors and officers need to understand the duties they owe to their association and fellow owners, the nature of those duties, and the liability performing those duties may bring. How much a volunteer leader knows about his or her state's standard of care can be the difference between liability and immunity. *Standards of Care* provides a survey of each state's standard of care for community association directors and officers, a brief description of the standards by which they must perform their duties and recommendations for complying with their state's standard of care. Also includes a discussion of notable trends in state legislation, how the standard of care may evolve and a chart of the standard of care by state. For more detailed information on standards of care for association directors and officers, see this comprehensive publication entitled [Standards of Care in Community Associations](#)

5.8 [Massachusetts – Community Association Deed Based Transfer Bans](#)

5.9 [Massachusetts – Community Association Clothesline Ban](#)

5.10 [Massachusetts – Community Association Ombudsman Programs](#)

5.11 [Massachusetts – Community Association Solar Rights and Easements](#)

5.12 [College of Community Association Lawyers \(CCAL\) State Pages](#) [See selected states]

6. Massachusetts Associations – Business Services as an Association Core Function

6.1 Condominium Insurance Requirements: Massachusetts (2015)

CODE SECTION	PROPERTY INSURANCE (Minimum Coverage Required)	PROPERTY COVERED	PERILS
M.G.L.A. 183A § 10	No minimum standards stated	Common areas	No minimum standards stated

DEDUCTIBLE	LIABILITY (Minimum Coverage Required)	FIDELITY / CRIME INSURANCE	DIRECTORS & OFFICERS (D&O) INSURANCE
No minimum standards stated	No minimum standards stated	<p>More than 10 units blanket fidelity insurance in amount equal to at least ¼ of annual assessments; association must be named as the insured; definition of employee must include manager; manager must at its sole expense carry its own fidelity in substantially the same form.</p> <p>After expiration of declarant control, can be changed by 67% vote.</p>	N/A

See the list of *Fact Book* Contributors for more source information.

Note:

1. ACV means Actual Cash Value which typically is defined as insurable replacement cost less accumulated depreciation. In nearly all cases, a condominium will obtain RCV or Replacement Cost Value property insurance.
2. Fannie Mae, Freddie Mac and FHA have their own insurance requirements for condominiums, cooperatives and planned communities. Since many residential mortgage lenders underwrite to their guidelines, the requirements of any given state may not meet those requirements.
3. [See 50 State Condominium Insurance Survey](#)
4. While all states have Workers Compensation legislation, some states have Workers Compensation requirements that directly apply to community associations whether the association has employees or not.

6.2 NFIP Flood Insurance – Condominiums: Massachusetts

(1) FEMA - National Flood Insurance Program (NFIP) Claims: Residential Condominium Building Association Policies (RCBAPs) as of 01-31-2015

State	RCBAP Number of Claims	RCBAP Percent of All Claims	RCBAP Total Paid All Claims	RCBAP Percent of All Paid Claims
Massachusetts	397	2.5%	\$9,790,168.68	0.7%

Non-RCBAP Flood Claims: Condo Type	Non-RCBAP Number of Claims	Non-RCBAP Percent of All Claims	Non-RCBAP Total Paid All Claims	Non-RCBAP Percent of All Paid Claims
Condominium Association	37	0.00%	\$914,139.55	0.00%
Condominium Master Policy (No Longer Issued)	4	0.00%	\$292,349.50	0.00%
Individual Condo Unit Insured By Unit Owner Or By Assn	167	0.01%	\$2,494,235.44	0.01%
Not A Condominium	24,173	1.51%	\$333,550,679.33	0.68%
Unknown	6	0.00%	\$54,980.17	0.00%

Preferred Risk Flood Claims: Condo Type	Preferred Risk Number of Claims	Preferred Risk Percent of All Claims	Preferred Risk Total Paid All Claims	Preferred Risk Percent of All Paid Claims
Individual Condo Unit Insured By Unit Owner Or By Assn	20	0.01%	\$120,750.06	0.00%
Not A Condominium	1,361	0.81%	\$16,115,885.47	0.26%

(2) FEMA- RCBAP and Other Flood Insurance Policies & Premiums as of 01-31-2015 – Next Page

[RCBAP: Residential Condominium Building Association Policy](#)

Note: The RCBAP is written on a building by building basis only for buildings in a Special Flood Hazard Area (SFHA). If a condominium association has five buildings, but only one is in a SFHA, then the association only needs to obtain one RCBAP. The one building might have six units that would be insured in the RCBAP.

Note: Flood insurance offered by FEMA through the National Flood Insurance Program (NFIP) was subject to substantial changes in the [Biggert-Waters Flood Reform Act of 2012](#). Not all of the changes have been enacted. See also the [Homeowner Flood Insurance Affordability Act of 2014](#).

For assistance regarding FEMA flood insurance see the newly created [Flood Insurance Advocate](#).

[See this cautionary reminder from FEMA](#) (bold added): “In moderate- to low-risk areas, the risk of flooding is reduced but not completely removed. These areas submit **more than 20 percent** of National Flood Insurance Program claims and receive one-third of Federal disaster assistance for flooding. Flood insurance isn't federally required in moderate- to low-risk areas, but it is recommended for all property owners and renters. They are shown on [flood maps](#) as zones beginning with the letters 'B', 'C' or 'X' (or a shaded X).”

**National Flood Insurance Program (NFIP): Massachusetts
FEMA: RCBAP and Other Flood Insurance Policies and Premiums as of 01-31-2015**

CIF: “Contracts in Force” this represents a “property” which may have multiple NFIP policies.

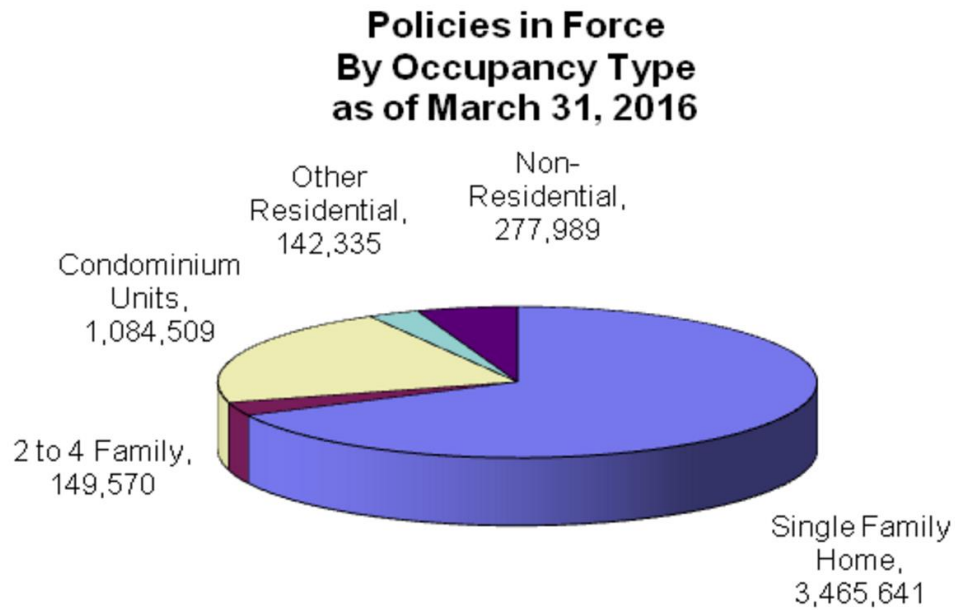
PIF: “Policies in Force” this represents the actual policies for all of the contracts.

					Percent	Percent	Percent
			Total	Total Flood	of All	of All	of All
	CIF	PIF	Premium	Insurance	Policies	Premium	Insurance
RCBAP Subsidized							
RCBAP	334	2,463	\$2,335,916	\$459,066,300	1.64%	2.70%	2.02%
RCBAP Non-Subsidized							
RCBAP	916	6,322	\$2,916,939	\$2,050,247,000	0.71%	1.35%	1.20%
Non-RCBAP Subsidized Condo Type							
Condominium Association	8	8	\$52,051	\$3,719,800	0.00%	0.00%	0.00%
Individual Condominium Unit Insured By Unit Owner Or By An Association	424	424	\$554,235	\$46,427,200	0.05%	0.04%	0.03%
Not A Condominium	19,118	19,118	\$46,305,900	\$4,070,145,300	2.40%	3.50%	2.89%
Non-RCBAP Non-Subsidized Condo Type							
Condominium Association	10	10	\$21,610	\$4,627,600	0.00%	0.00%	0.00%
Individual Condominium Unit Insured By Unit Owner Or By An Association	1,963	1,963	\$889,948	\$396,089,500	0.06%	0.04%	0.04%
Not A Condominium	29,213	29,213	\$25,389,160	\$8,778,373,400	0.85%	1.20%	0.94%
Preferred Rate Program Non-Subsidized Condo Type							
Condominium Association	1	1	\$3,119	\$550,000	0.00%	0.00%	0.00%
Individual Condominium Unit Insured By Unit Owner Or By An Association	1,416	1,416	\$545,076	\$311,550,000	0.08%	0.07%	0.06%
Not A Condominium	19,054	19,054	\$9,646,035	\$5,965,659,000	1.07%	1.26%	1.15%

See [Condominium RCBAP Claims](#) and see [Condominium RCBAP Premiums](#) for all states.

See the list of *Fact Book* Contributors for more source information.

- [NFIP Policies in Force by Occupancy Type](#)



OCCUPANCY TYPE	POLICIES IN FORCE
Single Family Home	3,465,641
2 to 4 Family	149,570
Condominium Units	1,084,509
Other Residential	142,335
Non-Residential	277,989
Unknown Occupancy	0
All Policies	5,120,044

For additional information see the [FEMA Policy & Claims Statistics for Flood Insurance](#) and for more detailed flood statistics from FEMA see [NFIP BureauNet](#).

6.3 [Massachusetts Lien Priority](#)

Section 6. (a) (i) Except as provided in paragraph (ii), all common expenses shall be assessed against all units either in accordance with their respective percentages of undivided interest in the common areas and facilities or, if stated in the master deed or an amendment thereto duly recorded in the approximate relation that the area of the unit bears to the aggregate area of all the units, which may take into account unit location, amenities in the unit, and limited common areas and facilities benefiting the unit; provided, however, that such an amendment shall require the consent of all unit owners whose common expense assessment is materially affected. The organization of unit owners shall have a lien on a unit for any common expense assessment levied against that unit from the time the assessment becomes due. Common expense assessments must be made at least annually, based on a budget adopted at least annually in accordance with the master deed, trust, or by-laws.

[CAI Information on Lien Priority for Community Association Assessments](#)

6.4 [Massachusetts Reserve Fund Requirements](#)

All condominiums shall be required to maintain an adequate replacement reserve fund, collected as part of the common expenses and deposited in an account or accounts separate and segregated from operating funds. Section 183A-10(i). Managing agents shall be responsible for rendering, in no case less frequently than quarterly, a written report to the trustees or the managing board of the organization of unit owners detailing all receipts and expenditures on behalf of the organization, including beginning and ending balances and copies of all relevant bank statements and reconciliations for the replacement reserve fund, and maintain a separate and distinct account for the replacement reserve fund. Section 183A-10(f). There is no statutory requirement to conduct a reserve study.

See Appendix 2 in [Community Association Fact Book 2015](#) for Community Association Financial Management Compared to Other Entities.

6.5 [Community Association Insurance](#)

Commercial insurance is one of the most important components of a community association's risk management program. To help managers and boards fully understand insurance issues, this guide will explore three key areas:

1. Insurance terminology, in terms of coverages, policies, and practices
2. Association exposures to loss and insurance coverages
3. Risk management and the association insurance industry

6.6 [Community Association Risk Management](#)

Risk management is the process of making and carrying out decisions that minimize the adverse effects of accidental losses. It involves five steps:

1. Identifying exposures to loss
2. Examining alternative techniques
3. Selecting the best techniques
4. Implementing the chosen techniques
5. Monitoring and improving the risk management program

This guide will examine each phase of the risk management process. It also will help board members and managers identify risks and implement a plan that will safeguard association assets.

6.7 [Preventing Fraud and Embezzlement](#)

Community association boards should consider implementing ten practices and procedures to safeguard association funds.

6.8 [Energy Efficiency \[FCAR Best Practices\]](#)

CAI and the Department of Energy (DOE) are dedicated to educating the community association industry—and the significant portion of the U.S. population it represents—on the many ways to increase the energy efficiency of their homes and thereby reduce both energy consumption and costs.

6.9 [Financial Operations \[FCAR Best Practices\]](#)

The board of directors, particularly the treasurer, is ultimately responsible for association's funds and may not abdicate their fiduciary responsibility. Given the reality that community association boards are made up of diverse individuals with varied degrees of financial knowledge, below are basic guidelines that should be followed to ensure sound financial operations.

6.10 [Green Communities \[FCAR Best Practices\]](#)

This report explores “greenness” in communities, in their varied forms. It considers the concept of sustainability through better designs, new technologies and social innovations. Sustainable communities are developed to meet the “needs of the present without compromising the ability of future generations to meet their own needs.” They are regenerative, meaning they have “processes that restore, renew or revitalize their own sources of energy and materials, creating sustainable systems that integrate the needs of society with the integrity of nature.”

6.11 [Reserve Studies Management \[FCAR Best Practices\]](#)

There are two components of a reserve study—a physical analysis and a financial analysis. During the physical analysis, a reserve provider evaluates information regarding the physical status and repair/replacement cost of the association's major common area components. To do so, the provider conducts a component inventory, a condition assessment, and life and valuation estimates. A financial analysis assesses only the association's reserve balance or fund status (measured in cash or as percent funded) to determine a recommendation for an appropriate reserve contribution rate (funding plan).

6.12 [FCAR Snap Surveys](#)

The Foundation for Community Association Research (FCAR) periodically conducts targeted surveys of key industry groups to produce interesting, intriguing, or newsworthy research.

1. [November 2015](#) (PDF) - Survey of managers and board members of associations in 13 states facing drought conditions
2. [April 2015](#) (PDF) - Reserve Studies Managers - How knowledgeable are associations on reserve funding?
3. [November 2014](#) (PDF) - What issues create potential legal liability for client associations?
4. [June 2014](#) (PDF) - Resident Satisfaction
5. [September 2013](#) (PDF) - Reserve Studies and Funding
6. [March 2013](#) (PDF) - Career Satisfaction Among Managers

About the Foundation for Community Association Research

The Foundation provides authoritative research and analysis on community association trends, issues and operations. Our mission is to inspire successful and sustainable communities. We sponsor needs-driven research that informs and enlightens all community association stakeholders—community association residents, homeowner volunteer leaders, community managers and other professional service providers, legislators, regulators and the media. Our work is made possible by your tax-deductible contributions.



Your support is essential to our research. Visit www.cairf.org or e-mail foundation@caionline.org.

About Community Associations Institute (CAI)

Community Associations Institute (CAI) is an international membership organization dedicated to building better communities. With nearly 34,000 members, CAI works in partnership with 60 chapters, including a chapter in South Africa, as well as with housing leaders in a number of other countries, including Australia, Canada, the United Arab Emirates and the United Kingdom. CAI provides information, education and resources to the homeowner volunteers who govern communities and the professionals who support them. CAI members include association board members and other homeowner leaders, community managers, association management firms and other professionals who provide products and services to associations.

CAI serves community associations and homeowners by:

- Advancing excellence through seminars, workshops, conferences and education programs, most of which lead to professional designations for community managers and other industry professionals.
- Publishing the largest collection of resources available on community association management and governance, including website content, books, guides, *Common Ground* magazine and specialized newsletters.
- Advocating on behalf of common-interest communities and industry professionals before legislatures, regulatory bodies and the courts.
- Conducting research and serving as an international clearinghouse for information, innovations and best practices in community association development, governance and management.



We believe homeowner and condominium associations should strive to exceed the expectations of their residents. We work toward this goal by identifying and meeting the evolving needs of the professionals and volunteers who serve associations, by being a trusted forum for the collaborative exchange of knowledge and information, and by helping our members learn, achieve and excel. Our mission is to inspire professionalism, effective leadership and responsible citizenship—ideals reflected in associations that are preferred places to call home. Visit www.caionline.org or call (888) 224-4321.

For suggestions, additions, or updates to this Community Association Fact Book State Page, please e-mail foundation@caionline.org.



6402 Arlington Blvd., Suite 500
Falls Church, VA 22042
www.cairf.org