

## **COMMUNITY ASSOCIATIONS INSTITUTE PROFESSIONAL MANAGER CODE OF ETHICS**

The Manager Shall:

1. Comply with current standards or practices as may be established from time to time by CAI and each state in which the Manager practices;
2. Participate in continuing professional education through CAI and other organizations and maintain a CAI membership;
3. Not make any inaccurate or misleading representations or statements to a prospective client;
4. Undertake only those engagements the Manager can reasonably expect to perform with professional competence;
5. Exercise due care and exhibit adequate planning and supervision;
6. Disclose in writing to the client any actual, potential or perceived conflict of interest if the client may have dealings with another party in some way related to the Manager;
7. Not knowingly misrepresent facts to benefit the Manager;
8. Refuse any compensation, gratuity or other form of remuneration from individuals or companies who act or may act on behalf of the client;
9. Insure that homeowners receive timely notice as required by state statutes or legal documents and protect their right of appeal;
10. Disclose to the client the extent of fidelity insurance carried on behalf of the Manager and/or client and any subsequent changes in coverage which may occur during the Manager's engagement;
11. See that the funds held for the client by the Manager are in separate accounts, are not misappropriated, and are returned to the client at the end of the Manager's engagement;
12. Recognize that the original records, files, and books held by the Manager are the property of the client to be returned to the client at the end of the Manager's engagement.

last revised 5/98

**Compliance with the Professional Manager Code of Ethics is further amplified in the Code Clarification Document provided by the Community Associations Institute.**

**The following explanations correspond to the numbered paragraphs in the  
Professional Manager Code of Ethics**

1. Current standards or practices are those numbered one through twelve in the Code. Managers who practice in states with legislative requirements for Managers must comply with those laws.
2. Continuing professional education requirements would be consistent with that Manager's designation, if any. CAI membership is in the Professional category as either an individual Manager member or as an employee of a Company member.
6. Disclosure of any possible conflict of interest is the key here. An example may be of assistance. A Manager (individually or through a company) may have financial interest in a service contractor, supplier, or professional firm which is being considered by that Manager's client. Disclosure must be in writing and sufficiently in advance of the selection process to allow full consideration of the possible conflicts and any alternatives. The fact that the client may still choose the Manager's related entity is not a violation of the Code, provided ample disclosure was given.
8. Regarding refusal of compensation, the receipt of a non-cash item worth less than \$50 is so nominal that it is not considered an influence on the Manager and therefore is not a violation of this tenet.
9. CAI recognizes that insuring that homeowners have timely notice or that their appeal rights are protected is limited by the extent that the Manager can influence his or her client. Thus, a Manager who makes reasonable efforts to properly advise the client has complied with this standard, even if the client chooses to reject the Manager's advice.
10. This standard does not require the Manager to carry fidelity insurance. It only requires disclosure of the extent of any coverage the Manager may carry, and disclosure of any change in that coverage.
11. If the Manager is responsible for handling funds for a client, that client must have at least one independent cash account. This standard does not preclude a Manager from initially depositing payments into a central account with funds promptly distributed to individual client accounts, nor does it prohibit a central disbursement or payroll account which is promptly reimbursed by each client's individual cash account. When a Manager's engagement has ended for a client, all funds must be returned to the client the earlier of:
  - the time limit under state statute, or
  - the time limit in the existing management agreement, or
  - within 30 days of the end of the Manager's engagement (see also #12)
12. Original records, files, and books are those items which were given to the Manager at the beginning of his or her engagement or were developed by the Manager and/or the client during the period of the Manager's engagement. This definition may be further expanded by the management agreement. Unless provided in such an agreement or otherwise, the Manager has no obligation to provide the client with client-related computerized data unless the client owns the computer and software and such data can be separated from that data and software which are proprietary to the Manager. For example, if the Manager is a company that maintains homeowner information on its central computer, the Manager shall provide a printout of the homeowner information for the client, but need not provide that data via disk or tape. Those items which the Manager brought to and used during the engagement, such as operation or procedure manuals, remain the property of the Manager.

While the Manager must turn over all records, files, and books, he or she may retain photocopies of those key materials which might be necessary for the Manager in dealing with post-engagement client-related matters. Return of these items should be consistent with the schedule outlined in #11 above.

**(Regarding #11 and #12, the Manager shall not retain funds, records, files or books as a means  
of resolving a conflict with the client)**

# CODE CLARIFICATION DOCUMENT

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## A. Authority

The Code derives its authority from the Community Associations Institute (CAI). CAI's Board of Trustees has established a minimum standard of professional ethical performance for those individuals who receive recognition or designations from CAI.

Those individuals or entities who have received professional designations from CAI are subject to this Code. Those designations include: PCAM®, AMS®, and AAMC.

## B. Definitions

The Code shall apply in any manager-client relationship where the Manager receives some form of compensation for professional services offered or provided to the client.

1. Manager - a singular term which shall apply to all of the following persons or entities providing or offering some form of property of financial or administrative or consulting services to one or more clients:
  - a. A single practitioner functioning as a client employee, or
  - b. A single practitioner employed by a firm contracted by one or more clients, or
  - c. A principal or supervisory staff member for a firm which is contracted by one or more clients, or
  - d. A firm which is contracted by one or more clients, whether it is organized as a corporation, partnership, or other entity.

Because the Code is designed to establish a standard of conduct for the practice of managing community associations, it is equally applicable to individuals and firms. An individual who agrees to abide by this Code shall also be responsible to see that any other person or firm under his/her supervision shall comply with the Code.

2. Client - a singular term which shall apply to one or more community association properties (condominium, homeowner association, cooperatives, PUD's PRD's, etc.) and their governing Boards. The client may employ the Manager directly or be under some form of independent contract with the Manager.

## C. Amplification

The following information and examples are provided by CAI to further explain some of the twelve tenets of the Code of Ethics, as numbered below:

## D. Future

The Board of Trustees may expand application of this Code, and CAI reserves the right to update, or amend both the Professional Manager Code of Ethics and the Code Clarification Document. Any such revision, updating or amendment shall be promptly promulgated to CAI Manager members and, after due notice, will apply to all members subject to the Code.

E. Disciplinary Action

After an internal investigation and hearing as provided in CAI's Ethics Enforcement Procedures Policy, a Manager found to be in violation of this Code shall face a sanction in accordance with the enforcement policies adopted by the CAI Board of Trustees. The extent of such sanction shall be commensurate with the nature, severity, and intent of the violation. In a situation where a firm, principal(s) or supervisory staff are involved, sanctions may be imposed on more than one individual or the firm itself.

**Please answer the following questions.**

Have you ever been involved in a reorganization for the benefit of creditors or in bankruptcy as a debtor? *If yes, attach a detailed explanation.*  Yes  No

Have you ever been convicted of fraud, misrepresentation, misappropriation of funds or property? *If yes, attach a detailed explanation.*  Yes  No

Do you know of any reason why you would be unable to obtain bonding? *If yes, attach a detailed explanation.*  Yes  No

Have you ever been subject to disciplinary action by any professional organization? *If yes, attach a detailed explanation.*  Yes  No

F. Signature

By signing below, I agree to abide by the CAI Professional Manager Code of Ethics and to be subject to disciplinary action as adopted by the Board of Trustees. All of the information provided by me is complete and correct to the best of my knowledge and belief. If I made or at any time make statements with knowledge of its falsity, I understand that it shall be cause for denial or revocation of the PCAM designation.

\_\_\_\_\_  
Printed Name Signature

\_\_\_\_\_  
Firm name (if employed by a firm or are a principal or supervisory staff member of the firm)

\_\_\_\_\_  
Printed name and signature of an officer of that firm, if applicable

Acknowledged before me on this day:

\_\_\_\_\_  
Notary Signature Notary commission expiration date