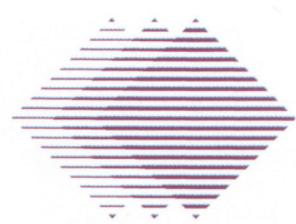


Today the landscape of real estate housing is undergoing a fundamental shift. It has been over thirty years since COMMUNITY ASSOCIATIONS established a foothold in the housing market and they have since become a viable alternative to conventional homeownership. After decades of increasing popularity among various market segments and developers, community associations have come of age in the Capital Region.

Over the next decade and beyond, changing demographics will accelerate community association ownership in an unprecedented fashion. Community associations, particularly those catering to a carefree lifestyle and emphasizing the social advantages of these communal environments will continue to experience a substantial growth phase. Similarly, seniors seeking affordable housing alternatives will stimulate resurgence in demand for existing and new service oriented communities.

This brochure, **The Homeowner and the Community Association**, is our answer to the most frequently asked questions from homeowners.

Since 1990, Diamond Realty Management has established itself as the region's leading authority and the only Accredited Association Management Company designee overseeing the areas largest portfolio of condominium and homeowner associations.



DIAMOND REALTY MANAGEMENT

42 Johnson Road ♦ Latham ♦ NY 12110
ph. 518.783.5000 ♦ fx. 518.785.1478
www.drm.net ♦ email: discod@drm.net

"Finally a Diamond you can afford"

- ♦ Full-Service Management ♦ Handyman Services
- ♦ Roofing & Siding ♦ Dryer Vent/Duct Cleaning
- ♦ Door & Window Replacement ♦ Brokerage

What is the role of the professional property management company hired by the Board of Directors?

While the Board of Directors has the overall responsibility for the management of the community, it is a volunteer group and in many cases looks to or for the experienced guidance of a qualified professional firm to administer the needs of the community. A professional management company acts as an agent for the Board of Directors and the community association.

We have been exposed to so many new terms. Is there a place where common definitions can be found?

Within every Offering Plan definitions can be found. Some common definitions are:

Board of Directors - Elected by the community's members it is empowered to administer the affairs of the community association.

Common Element - Properties commonly shared by a community.

By-Laws - The governing documents for the operation of the community association.

Assessments or Common Charges - Charges for the maintenance and general operation of the community association as established in the Declaration.

Declaration - The legal instrument (master deed) that creates the community association.

Unit - Any space so designated, generally specific and having an undivided interest in the common elements.

Tenants in Common - An undivided ownership in real estate by two or more people. The interest need not be equal.

Annual Meeting - An annual meeting whereat legal business of the community is conducted.

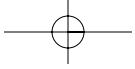
The Homeowner

The Community Association

Living in a condominium or planned unit development?



DIAMOND REALTY MANAGEMENT



What is a Community Association?

A community association may have any number of names, including homeowners association, property owners association, condominium, and cooperative. While there can be substantive differences among these types, the fundamental responsibility of a community association is to preserve the nature of the community, provide services consistent with the governing documents and to enhance the value of its properties.

How do I know if I own a unit in a condominium or if I'm a member of a homeowners' association?

A condominium is a form of ownership created under the NYS Condominium Law, specifically Article 9B of the Real Property Law. As a condominium Unit Owner, direct ownership, as shown on the unit's deed, will pertain to the interior of the unit (the air space) and an undivided percent interest in everything outside such air space as "tenant-in-common" with all other unit owners in the condominium. The unit's percent of interest will be stated in the condominium's Declaration.

The homeowners' association is a not-for-profit corporation formed under the NYS Not-for-Profit Corporation Law. A Certificate of Incorporation for the association is filed with the NYS Secretary of State. The corporation will take title to all commonly shared amenities within the homeowners' association community up to the "lot lines", and upon completion of such amenities, the Sponsor (developer) will deed such properties to the association. The deed will be recorded in the Office of the County Clerk in the county in which the community is located.

What are the legal "documents" and where can they be found?

When a unit is purchased from the Sponsor

(developer) the Offering Plan that is provided should be retained as part of the purchaser's permanent files. In Part II of the Offering Plan are the community's Declaration and By-Laws.

The Declaration is the master deed and will have a legal description of all the property. This legal description will contain the units and amenities subject to the Declaration, as well as a legal description of the community's common properties if it is a homeowners association. If the community is a homeowners' association, the deed or deeds, will be filed in the Office of the County Clerk conveying to the association the common properties as they are completed.

The By-Laws are the operating documents and will detail the election process, duties of the Board, committees, meetings and other information relevant to the operations of the community.

If the unit was a resale, the purchaser should request from the selling owner copies of the community's Declaration, By-Laws, Rules and Regulations, if any, the current budget and the most recent financial statement.

In the event the original Offering Plan cannot be found, you can (i) ask the board to provide a copy, (ii) ask the managing agent, or (iii) request a copy from the County Clerk.

Why are there so many rules and regulations and how do they get established?

Rules and regulations are established for the orderly use of facilities commonly shared by a considerable number of people. Initially the Sponsor (developer) established such rules and regulations, as it perceives necessary and desirable. Rules may relate to collection procedures, pets, parking, architectural changes and use of the commonly shared amenities, for the preservation of the values of the homes and the community. As a community matures, the Board of Directors has the

right and obligation to promulgate additional rules and regulations with the intent to enhance value, promote the peaceful co-existence of all the residents and as may otherwise be deemed beneficial.

Our association fees are substantially higher than those of some other similar communities in our area. What are we getting for our money and is it worth it?

The first question to ask is not "what is the association fee?", Rather "what does the association fee include?" Each year the Board of Directors is charged with creating a budget for the overall operation of the community. The budget is based on the "service level requirements" as set forth in the governing documents.

Some communities receive drastically different levels of service than others. Simply stated, all communities do not operate identically. For example, some community members receive full maintenance service, others receive limited assistance and others benefit from no services whatsoever.

Further, some associations reserve for the eventual replacement of major capital expenses, including roofing, asphalt, building expenses, etc., while others reserve part or none of these expenses.

Naturally, astute budget preparation and execution are vital to any organization; this is just one area that a professional property management specialist can assist a community association.

Why is approval from the Board of Directors and/or Architectural Committee prior to making exterior changes to my unit necessary?

The specific requirements are set forth in the communities governing documents and/or association policies. Architectural review, even to the extent of the color of the

paint on the exterior of each home, the consistency of roofing materials and the treatment of decks is vital to the overall aesthetic appearance of the community.

Architectural control aids in the preservation and enhancement of the market values of the units within the community. Irregardless of the extent of the aesthetic review guidelines, for the betterment of the community, it is important that all homeowners must adhere them to. An Architectural Committee/Board of Directors approval process is the only way to assure conformance and compliance.

Why do we pay for a "master" insurance policy? Why doesn't each owner pay for his own insurance?

The association's insurance requirements are spelled out in the Declaration. There are several advantages of an association master insurance policy, including a lower per home cost premium in many situations. Further, there is a better assurance that homeowners are adequately insured in the event of a casualty.

How can I have an active participation in the operations of my community?

Every homeowner has a right to have his or her concerns voiced. Active participation is always encouraged. Annually, Boards of Directors are elected by the voting owners of the community and each year thereafter one or more seats, depending on the community's By-Laws, will expire. Volunteers are always needed to fill these vacant seats. Additionally, committees (Architectural, Financial, and Nominating) are usually formed and volunteers are also needed in this area.

DIAMOND REALTY MANAGEMENT

