

## What Are CC&Rs Anyway???

When our community was developed, the developer filed with the state a series of documents designed to uphold the integrity of our community and spell out the duties of our association, and the responsibilities of each of us, the owners. Those documents are often referred to as *the governing documents* are made up of the *Articles of Incorporation*, the *Bylaws*, and the *CC&R's (Conditions, Covenants & Restrictions)*.

The Articles of Incorporation are a one-page document that must be filed with the Secretary of State. It simply states that a non-profit corporation is being formed (our community association).

The Bylaws dictate the powers and duties of the Board of Directors (when meetings occur, how the Board is elected, etc.)

The CC&R's dictate the powers and duties of the corporation and regulate both the physical characteristics of our development and the lifestyles of our residents.

Of all of the governing documents, the CC&R's are often the least understood but inarguably the most important.

In order to close escrow on your home, you signed a series of papers, one of which stated that you had read the CC&R's and agree to abide by them. When escrow closed, you entered in to a contractual agreement with the other owners in our community to conform to the dictates of those CC&R's. This is where some owners get confused. The confusion, however, is easily cleared up once the CC&R's are read, or re-read as the case may be. After all, how many of you actually read and understood the CC&R's before closing escrow? Those that did are to be applauded. The rest of us have had to take a crash-course on the CC&R's through trial and error. Often we have found out that we are in *non-compliance* to the CC&R's or Rules & Regulations through correspondence received by our management company. So, we dust off that old copy of the CC&R's (it took me half a day to remember where it was) and, sure enough, there it is in black and white, the exact restriction that we completely forgot about. Being responsible owners we correct the situation and, armed with a new-found knowledge of our CC&R's, we continue with our lives, undisturbed (that is, until we "forget" something else and have to go through the process once again).

Often we focus on the "pain in the neck" aspect of our CC&R's, but by doing so we miss the real beauty of their purpose. *The CC&R's provide a structural framework to help residents of different backgrounds, ideals, and perceptions to live together in harmony and by doing so, the community and our property values benefit.*

If we had no architectural controls (as spelled out in the CC&R's) or no ability to correct violations of the Rules & Regulations (also spelled out in the CC&R's), then there would be no harmony and ultimately our community and our property values would suffer. In other words, the CC&R's are good business...they help ensure that our property values are maintained and our investments protected.

*Example:* What would the impact on your property values be if your neighbor decided to repair automobiles in his parking area as a part-time job and decided to advertise with a big sign he nailed to the roof of his building? Furthermore, in order to attract attention to the sign, he painted his building bright red. This example may be a little over the top, but it applies equally to the neighbor who doesn't maintain his/her living area. The bottom line is that your property values would suffer. No one would want to buy your home and have to live next to such "chaos". Since market values are affected by the law of supply and demand, if the demand (or attractiveness) of your community is poor, then the supply (or cost) is reduced. When the demand is high (the community is aesthetically attractive) then the supply (or property values) are increased. The CC&R's promote conformity, which encourages harmony, which has a positive impact on the value of our community.

So, the next time you get a note from the management company explaining why you are in non-compliance with the CC&R's or the Rules & Regulations, take a moment to remember what the spirit of the CC&R's embrace (protection of your investment) and be thankful that our Board of Directors are taking their job seriously and are working to protect, preserve and enhance our property values.