



Community associations (a.k.a. 'homeowners associations' or 'HOAs') dominate residential living in North Carolina.

In fact, nearly all new residential construction is associated with one. North Carolina alone is home to nearly **14,000** community associations—including single-family and condominium associations—that represent more than 2.8 million residents (more than a quarter of the State's population), according to 2017 data compiled by the Community Associations Institute.

Why Representation Matters

These associations manage neighborhood assets, such as clubhouses, pools, and recreational areas, allowing developers to the particular lifestyle and substantial amenities demanded by their customers. Ward and Smith dedicates the time of over fourteen of its attorneys—drawn from all of the Firm's various practice areas—to servicing community associations and the developers that create them.

These associations are often not understood to be the significant businesses that they can be, possibly because of the fact that they are nonprofit entities, or possibly because many misunderstand the scale at which they operate. Considering the significant annual income and expenditures of many community associations, many exceeding half a million dollars or more, these business creatures are as large as or larger than many "for-profit" businesses. Like any other significant business, community associations often find themselves involved in serious and complex litigation, either defending themselves from claims or pursuing claims against others.

This litigation can take on many forms. Inevitably, disputes arise with contractors, service providers, and other vendors. But among the most prevalent and most impactful are disputes between members of the community and the association's appointed or elected board members. These board members are the acting arm of the association and, as a result, are perceived by laypeople to bear the responsibility for the outcome of their actions as board members. There is some truth to that, albeit with significant limitations. And the forum for seeking to hold a board member responsible is, generally speaking, a court of law. Many of the attorneys in the Community Associations Practice Group focus their efforts on assisting these clients with litigation.

The rise of community associations has seen a rise in insurance products to meet the needs of these new insurance customers. Beyond routine general liability coverage, sophisticated insurance carriers have increasingly provided insurance products that defend and cover volunteer community association board members, along with the association's agents, employees, and sometimes other volunteers. This insurance coverage is integrally involved in litigation over the board members' (and others) fulfillment of their duties. The broad experience of the Firm's attorneys enables them to proactively address nuanced insurance coverage issues to best protect and defend the association. In the case of actual litigation, these attorneys partner with insurance defense counsel to ensure the best possible outcome for the community.

Our Commitment

Community associations are sophisticated businesses. Sophisticated businesses need legal counsel, just as they need tax advice, professional management, and other business services. An ounce of prevention is worth a pound of cure, and that translates to real dollars in the legal world. There is no doubt that the earlier an attorney is involved, the better the chances of a favorable, and affordable, outcome.