

## **Does CAI, the business trade (vendor), dominate SCG? YES!**

CAI, Community Associations Institute, is a tax-exempt 501(c)6 business trade organization. It is NOT an educational nonprofit. “A 501(c)(6) membership-based nonprofit is an organization that exists to promote its members' business interests.” It is not allowed to have HOAs as bona fide members, since HOAs are consumers and CAI is a vendor to HOAs – attorneys and managers.

It does accept “volunteers” who, for the most part, are HOA directors whose dues are paid for from HOA assessments.

HOA directors and officers who are also members of CAI have clearly placed themselves into a conflict-of-interest situation. Do their loyalties first lie with their CAI membership to adhere to CAI’s policies and practices, or to its contractual and lawful obligations to the HOA; to the lot owners who are not HOA owners but have beneficial interests in the HOA? SCG has a long history of walking hand-in-hand with CAI.

### With respect to the 2015 decision to file for IRS tax-exempt status:

The heavy influence of CAI is prevalent in this decision by the board. The directors at the time of filing who were CAI members are: Bails as president of SCG and also of the CAI AZ chapter; Eli Brooks and 4 other directors (only 1 not a CAI member); SCG accounting firm and CAI member, Mansperger Paterson, who prepared the application; former CAI “central” President Gary Porter’s articles advocating for HOAs as social welfare nonprofits, summarized as the Application, Schedule L; and SCG CAI attorney Ekmark.

### With respect to fair elections procedures – candidates and voting

The GET charter is explicit that nothing gets done without BOD approval, and that includes selection, interviews, candidate profiles, controlled interviews, etc. The candidates are expected to have read Fundamentals of a Community Association, another CAI document.

### With respect to the 2015 Strategic Plan

The entire “Community Association Staffing” in Appendix 3 is a word-for-word, 33 page copy of the CAI Manifesto, as I have characterized *Community Next: 2020 and Beyond*, May 5, 2016.[see note 1] (Please note the date of this release.) Members of the CAI clique serving on the planning committees in 2015 are still at work in 2022: Ellie Brooks, Carol White, Terry Murphy, and Earle Greenberg.

The board and other influential members over the years, mainly current or former CAI members, must step away from the *CAI School of HOA Governance* (see note 2) and open up to the full truth about the HOA legal scheme. Currently Terry Murphy, a

former SCG president, is CAI president. Terry Murphy served on the CAI Legislative Action Committee in 2021 opposing HB2052, last year's version of HB 2158, that prevented HOAs from denying free political speech by homeowners. Having failed, the bill returned as this session's HB2158 and became law. Talk about planning for the future!

This is a reorientation and educational process. Unless the BOD does an about face in regard to its CAI legal advisors, members can expect more of the same in dealing with several serious legal matters that are on the horizon. The board has a duty of care and a fiduciary responsibility to get a second opinion from non- CAI member attorneys.

### Notes

1. Community Next excerpts (Consider CAI's position with the passing of HB 2158)
  - a. *"Lawmakers have been, and will continue to be, called upon to address concerns expressed by individual constituents who share an isolated incident that has made them unhappy with their community associations."*
  - b. *"This trend is expected to continue as long as a legislative response is considered necessary to respond to negative perceptions produced by media out of lone circumstances. Legislative responses to individual constituents contribute to community associations being perceived as over-restrictive micro-governments focused on covenant enforcement."*
  - c. *"For more than 40 years, CAI has educated, advocated, published and informed people living and working in common-interest communities."*
  
2. CAI School of HOA Governance: The foundation and principles of the *School* can be traced back to CAI's Public Policies, *The CAI Manifesto* (its 2016 "white paper"), its numerous seminars and conferences, its Factbooks and surveys, its amicus briefs to the courts, and its advisories, letters, emails, newsletters, blogs etc. I have designated these foundations and principles collectively as the *CAI School of HOA Governance*.