April 1, 2024

The Curious Response We Got to Our Search for Condo/HOA Boards Using AI

April 2024

We wanted to give you an idea of whether and how boards and community association lawyers are using artificial intelligence—such as ChatGPT, Google Bard, and others.

So we put out some feelers.

And we got one response from a purported board member. (We usually get way more.) But…dun dun dun!…we're not sure if it's from a real person or a bot! Someone (or some *thing*) took the time to compose a response but has completely ghosted us in our efforts to confirm that the source is real and to arrange an interview to flesh out the comments.

So let's have some fun, shall we?

Here, we report on the response since it may offer you ideas for how you can begin tapping into the potential of AI in running your community. But since we're not sure if a real person is behind our "board member" or if AI has become the stuff of science fiction and responded *without a human prompt*, we won't use the alleged name of the source.

And, as always, we supplement our information with the insights and advice of several of our community association experts.

What the Board Member (Rogue Bot?) Said

So what does this HOA board member (allegedly) claim to be doing with AI that has "significantly transformed the way we operate, communicate, and make decisions"?

Here's a summary:

- Implemented an AI-driven chatbot on the <u>community website</u> and mobile app to provide immediate responses to common queries about <u>bylaws</u>, event schedules, and <u>maintenance requests</u>.
- Employed AI for <u>document and data management</u> that helps the board analyze and categorize documents, including bylaws, <u>meeting minutes</u>, and <u>financial reports</u>, making it easier to reference and retrieve them.
- Used AI to analyze <u>past expenditures and financial trends</u> to get predictive insights that make budgeting and financial planning more accurate.

- Tapped into AI's algorithms to predict maintenance needs, schedule regular upkeep, and identify issues before they've become major problems.

Our source admits there have been challenges with "data privacy" and dealing with the learning curve of using AI. But they also insist that AI has enhanced the "quality of life within the community."

It's all pretty vague, so is there really a community seeing these successes by deploying AI? Maybe. If not, this overview might still help you brainstorm ways AI could make your job of running your community easier.

Early and Simple Uses Exist

This isn't to say no condo or HOA boards are using AI. In fact, one of our experts, Zuly Maribona, LCAM, the Bonita Springs, Fla.-based senior vice president and partner at KW Property Management who oversees the company's southwest Florida, Jacksonville, Orlando, Tampa, and North Carolina operations, says some of her boards do use AI. But so far their use is guided and limited.

"What a marvel thing," she says. "Anything with AI is a double-edged sword. But my simple answer is that I do have boards using it. We even have our company's tech-enabled communication platform that offers that ChatGPT option to help boards dress up some of their email and other communications. We're not actively promoting it, but they can use it maybe to draft emails and letters."

That doesn't mean Maribona doesn't have reservations. "I could see at some point there being some sort of statement about AI that it's not an approved platform to conduct association business and that it's not intended to allow boards to avoid using their association counsel," she says. "I'm sure there are going to be boards trying to go that route, but I haven't heard that's happening yet."

Nor has Melissa S. Doolan, an attorney at The Travis Law Firm in Phoenix, who has represented community associations for the last 15 years. But she also doesn't rule it out. "I haven't had any clients who've told me they're using ChatGPT at all," she says. "But I could see them maybe going to that in the future to avoid legal fees."

Challenges Come to the Fore

As our alleged source noted, AI triggers issues you'd need to address before embracing it. Our experts also have concerns about relying on AI-generated materials in running your community.

Like our "board member," James R. McCormick Jr., CCAL, a partner at Delphi Law Group in Carlsbad, Calif., who has represented association clients for nearly 30 years, is concerned about privacy.

"We're not using AI at our law firm because it's not private," he says. "Unless we're loading into AI a document that's public, like a recorded set of declarations, and saying 'Find the provisions that say XYZ,' we can't use it in its current form due to the obligation we have to keep our clients' products and documents confidential.

"Personally, I've dabbled in it a little," adds McCormick. "It can be helpful but also dangerous. Setting aside the privacy issues, the dangerous aspects include it making up laws and citations. There have been questions over whether cases cited by AI have been real, and they weren't.

"The fear I have is that managers, especially in California, will go ask AI for a law and what's generated isn't the law," he says. "I also fear that managers will start using ChatGPT to save money and not use an attorney for things that really need a lawyer. They'll essentially be practicing law without a license."

Elina Gilbert, a shareholder at Altitude Community Law in Lakewood, Colo., who has specialized in community association law for 24 years, has also played around with AI and "didn't like the results."

"Our firm doesn't use it because there's too much room for error," she says. "We found the verbiage that was used wasn't quite on point, and we had to go through and rewrite what was generated anyway. It didn't give us the product we'd expected. But maybe we're just too snobby about it."

Is It Smart as a First Draft?

What if, as McCormick and Maribona predict, a board wants to try to save money on legal fees? Maybe you ask AI to draft a policy or something else that you then plan to send to your lawyer to review? Will that save your association money?

It depends.

"Let's say a client says to me, 'We created this collections policy; could you review it?'" says Gilbert. "Colorado is kind of a weird state that has extremely specific requirements for what's in a collections policy. I don't think there's an AI program out there that could create one.

"And generally, it's cheaper for us as lawyers to create a policy than to review a policy provided to us by a client," she adds. "We charge a flat fee to draft a policy. But if something is sent to us for review, we charge by the hour. So most of the time, it's easier for us to create a document than to review one."

Doolan isn't against her clients using AI to create draft policies or other documents. But she does stress that AI-generated materials need a review before they're implemented. "I could see communities using AI to generate something, especially if they needed something like a social media policy or a code of conduct or they asked: 'Can you tell me how to run an effective meeting?'" she states. "The key would be to have someone looking at it for you. We know AI isn't perfect."