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## Best Practices and Considerations on AI Use for Community Association Boards

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Whether we care to admit it or not, artificial intelligence (“AI”) is upon us and is no longer a thing of the future. Likely most of you have been using it either in a personal capacity, at work, or for planning your next strategy for world domination (kidding – we hope).

Recent studies suggest that AI use in the workplace is on the rise – a recent Gallup poll shows U.S. employees who reported using AI at work on a periodic basis increased from 40% to 45% between the second and third quarters of 2025. While daily use is substantially lower, rising from 8% to 10% over this period of time according to the poll, its use is nonetheless expanding and likely to continue becoming more prevalent as time goes on.

What may (or may not) be surprising is that a majority of Americans still have an unfavorable view of AI – according to a Pew Research poll, 53% of Americans believe AI will worsen a person’s ability to think creatively, compared with 16% who are of the opposite persuasion. One very interesting poll from Pew shows that at least half of Americans believe AI will have a negative impact on interpersonal relationships, with just 5% saying it will improve relationships – as we all know, building and maintaining relationships within your community is critical, making this data somewhat startling.

As we continue to move further into what once seemed like the distant future, with further AI use, it is important to understand its pros and cons, particularly its impact on community associations. Here’s what that means in our industry.

AI is already revolutionizing the community association space. Certain platforms, designed specifically for community associations and their management companies, are making everyday tasks more efficient, such as:

- Providing AI generated messages to residents.
  - Residents can be given a timely and, often, informative response to general questions.
  - This frees up time for managers to focus on more substantive issues affecting their community.

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- Allowing AI generated phone calls for residents.
  - Residents speak with an automated assistant for help with general questions and concerns.
  - This also frees up time for managers and can reduce frustrating interactions.
- Providing virtual assistants for managers and boards, which can:
  - Summarize board meetings and draft notices;
  - Perform almost immediate document searches;
  - Draft documents (such as contracts, governing documents, policies);
  - Research vendors for repairs, maintenance, etc.; and
  - Creating preliminary budgets.

These functions can be helpful for streamlining workflow and efficiency, but also present some potential pitfalls. So, what should community association boards consider with respect to this technology?

- **AI discussions between the Board and management company:**
  - Management companies may already be using AI. It is critical that boards know how management is utilizing this technology for your community, what information they are feeding it, and confirm that those using AI are not disclosing confidential information that could be made public, particularly, since AI learns and improves based on the information it is provided. We must prioritize fostering trust in our communities and among the residents.
  - Boards need to have more formal communications with their management company on AI use and how it affects their specific community, including interactions with residents and data security.
- **Implications of the Fiduciary Duties of the Board and AI:**
  - Board members have a fiduciary duty to act in the best interest of the community and those they represent. While the law has been slow to keep pace with AI growth, the general rules of law still apply for communities using AI. The business judgment rule requires that directors act in good faith and exercise due care – it is important to keep this in mind if using AI.

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- If a community is using AI to assist with business decisions, this requires directors to inform themselves on the use of AI, its functions, and how it should be used to best serve their community. For example, just because a board member asks AI for advice on a certain issue does NOT mean that a director should rely on it to make a business decision. Board members must make an even greater effort to verify the information AI provides to them. Consultation with management, legal counsel, financial management professionals, and other trusted professionals remains critical to ensure the well-being of the community.
- **Insurance Coverage:**
  - Boards should review their insurance policies, such as their Directors and Officers policies, to determine the scope of coverage with respect to AI use, and look for possible exclusions related to AI.
  - Boards may want to consider looking into separate cyber insurance policies.
  - Boards should consider adopting internal policies for AI usage and systems – which insurance companies may start to require if they have not already.

Despite the many benefits of AI use, your management team, legal counsel, and other trusted professionals remain your best source on matters involving your community. Those using AI often ask for advice on a variety of issues, including topics of law. It may go without saying but AI is not an attorney; it cannot represent you in court, it has no duty to maintain attorney-client privilege (in fact, its use could disclose confidential information by inputting a query into a public domain), it cannot give you legal advice based on your specific community association's issues, and it cannot interpret statutes or governing documents with authority. For this reason, it remains paramount that you continue to work closely with your legal counsel and other industry professionals, especially as this technology continues to grow.

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