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Pacific NW

Innovative Homeowner Association Management Strategies

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Regenesi means making new beginnings using eternal principles in innovative ways.

Regenesi believes that the goal of every homeowner association board should be to promote harmony by effective planning, communication and compassion.

The Regenesi Report provides resources and management tools for just that purpose. Every month, articles of common interest to homeowner associations nationwide are offered along with innovative strategies for addressing common problems.

Managing an HOA can be a lonely and frustrating task. Take heart. Help is on the way.



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Role of the President

Homeowner association presidents fill many roles but the primary roles are leader and manager. Different situations will determine which role the president assumes. Sometimes the president must set aside other roles, such as neighbor or friend, to accomplish a task or make a decision.

HOA presidents gain their authority to lead from the HOA's governing documents, rules and regulations. Therefore, presidents must understand the HOA is both a community which should operate as a representative democracy as well as a business that often manages and maintains millions of dollars of member assets.

Important tasks for the president include:

Oversee Operations. Presidents must adhere to budgets, formulate and enforce rules and policies, conduct meetings, prepare agendas and work with committees.

Speak for the board. The president is the official spokesperson for the board, to the members, the manager, vendors general members.

Seek Knowledge and Understanding. Learning how to be president of an HOA often comes from on-the-job training. However, educational resources are available in books, seminars, periodicals, and networking offered by groups that serve HOAs, such as Community Associations Institute.

Works With Volunteers. The president is the leader of the board, a body that typically includes:

The vice president, who substitutes for the president in her absence, the secretary, the official recorder of the HOA's business activities and the treasurer, the chief financial officer.

It's in the president's best interest to encourage the officers' participation in HOA affairs and to develop their skills as team members. The president should also attempt to identify and train potential

leaders, encourage them to join the board, and orient them to their new responsibilities.

Works with Professionals. Many HOAs employ a professional manager who directs HOA operations based on policy set by the board. The president acts as liaison between the manager and the board. Seeking the services of professionals like attorneys, architects, engineers and reserve study providers is in the best interests of the HOA. Experts provide information and expertise that board members don't normally have. For example:

- Reviewing legal contracts requires advice from an attorney.
- Managing reserve funds requires guidance from an investment advisor.
- Correcting design defects requires an architect or engineer.

Protects the Assets. The president has a fiduciary obligation to protect the HOA by:

- Preparing and adhering to the annual budget that protects and enhances the members' property.
- Adequately funding reserves and educating members about the importance of reserve planning.
- Collecting fees from homeowners.
- Seeking the advice of a insurance specialists and protecting the assets with appropriate levels of insurance.

The position of a homeowner association president is not for everyone, but the president has a board from which he can draw support. As long as the members recognize and support the board that works on their HOA's behalf, the role of president can be very satisfying. 🌟

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Accounting Issues
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Ask the HOA Expert

Q If a board member abstains from voting at a duly called board of directors meeting is this abstention vote an affirmative vote?

A No. The vote is not counted at all. But not voting may have the effect of a negative vote if a certain number of affirmative votes are required to pass a motion.

Q A unit owner called and said their toilet is overflowing. Is the HOA responsible to clean drain lines that cause back ups?

A It depends where the back up occurs. If the blockage occurs in a line that serves only one unit, it is common for the unit owner to be responsible for the repair. If the blockage occurs in a common line shared by two or more units, the HOA is usually responsible unless the source of blockage can be traced back to a specific unit.

Q One of our residents has complained of a mold odor within their unit. The board has been investigating dryrot repairs in this building but has not decided on a repair schedule. What should we do?

A If the board is aware of dryrot issues in this building and an unit owner has complained of mold issues, the board should order an air quality inspection immediately. If that inspection indicates dryrot related mold, it might be advisable to relocate the resident to other quarters until the dryrot and related mold is remediated.

Airborne mold in sufficient concentration can be a real health hazard, especially to those that suffer from asthma and other respiratory ailments. Take this issue seriously and proactively. The source of the mold, of course, could be from a source within the unit itself (failure to use kitchen and bathroom ventilation, resident installed humidifiers, etc.). So, the source of the mold dictates the proper course of action.

Q We have a disgruntled owner (a former board member) who publishes a newsletter

following every board meeting filled with what he calls, "The Real Story". His spin is often inaccurate and filled with implications of wrong doing by the board. This behavior has been going on for years and he has cost the HOA thousands of dollars by delayed renovation projects, CPA audits and other expenses incurred to prove the board's innocence. No wrongdoing has every been discovered. But several board members have resigned because of the badgering and it is getting difficult to recruit replacements. Suggestions?

A America is the land of free speech but free speech does not entitle someone to yell "FIRE" in a crowded theater when there is no fire. And just because a member makes claims does not require the board to react to it. To help counteract his misinformation campaign, the board should publish a recap of the meeting shortly after the meeting to tell the real story.

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If this person continues to spread lies or defame board members, have the HOA's attorney send him a letter about the consequences for defamation of character which include charging him with legal expenses incurred by the HOA to put a stop to them. Hopefully, he will understand that there could be a high price to pay. The board should, however, be prepared to take legal action if necessary. Some people are slow learners.

Q Our HOA has been in existence for a couple of years. The main entrance is very unattractive and needs lighting and a sprinkler system. The cost of these improvements would be \$5000 and we only have \$1000 in reserves. What would be the best way to handle this matter?

A The governing documents generally provide the authority the board needs to raise money to care for the common

elements by special assessment if necessary. But have you done an Operating Budget that includes insurance, utilities, landscape care and other expenses related to this project? Have you performed a reserve study to deal with the long range cost of the addition? Before moving forward with this, consider the whole expense picture. See Accounting Issues and Reserve Planning at www.Regenesis.net.

Q Our HOA has a entry gate with access control that uses smart cards which cost less than \$5 each. The HOA charges \$50. The board's justification for the high charge is to discourage multiple cards per resident.

A It does make sense from a security point of view that only residents should have smart cards. If extras were easily and cheaply available, they would likely be handed out to friends and relatives. Since security and access are very important to gated communities, the number of smart cards and who carries them should be strictly controlled. \$50 does sounds high for a \$5 device but regulating and dispensing them does take someone's time. If someone is being paid to do this and that is their charge, it's justifiable. If done by volunteers, the price should be the HOA's actual cost.

Q Our board received a complaint about a resident running a business out of their home. They apparently ship a lot of items and the neighbor wants us to do something about it. Should we ban home businesses?

A Banning home businesses is a bad idea since many people do it in a way that has no impact on the neighbors whatsoever. However, controlling how home offices impact the neighbors and the common area is a good idea. The HOA should have guidelines for home offices as they relate to parking, traffic, noise, odors and signs. In other words, control those things that impact the quiet enjoyment of the neighbors or residential character. 🗑️

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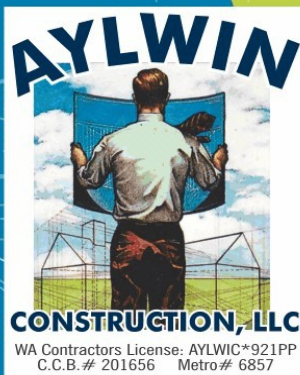
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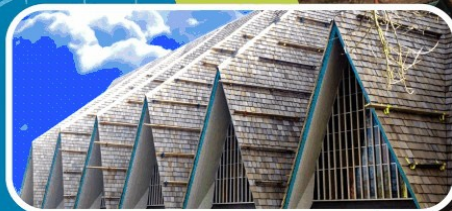


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The Maintenance Plan

The purpose of a Maintenance Plan is to instruct a homeowner association board and property manager how to properly maintain common element components. Following a well prepared Maintenance Plan will help extend the useful life of the components and reduce costs to the members.

An effective preventive maintenance plan should satisfy the following five key goals:

1. Preserve owners' investment. Preventive maintenance can extend the life of building components, sustaining and enhancing the property's value.
2. Help buildings function as they were intended and operate at peak efficiency. Because preventive maintenance keeps equipment functioning as designed, it reduces inefficiencies in operations and energy usage.
3. Prevent failures of building systems. Buildings that operate trouble-free allow the occupants to enjoy the property as intended. Preventive maintenance includes regular inspections and replacement of equipment crucial to building operations.
4. Sustain a safe and healthy environment. Protecting the physical integrity of building components preserves a safe environment for residents.
5. Provide cost effective maintenance. Preventive maintenance can prevent minor problems from escalating into major failures and costly repairs. Preventive maintenance can be handled relatively cheaply, efficiently and systematically through advance scheduling while major failures always happen after hours, at peak billing times and to equipment that must be special ordered (Murphy's Law).

The objective of the Maintenance Plan is to provide clear direction to the board and management how and when to provide repairs to building and grounds components. If consistently followed in conjunction with a properly prepared reserve study schedule, the

components will enjoy their maximum useful lives and related repair costs kept to a minimum. This is how a successful homeowners association was meant to operate. ⚠️

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Moving In & Out Policy

When residents move in and move out, particularly in common wall homeowner associations, proper planning is called for. Below are elements of a Move In & Move Out Policy which can be adapted to your use.

Scheduling. All moves in or out must be scheduled with the Management at least two (2) business days prior to the move date. This notice is necessary in order to place protective mats in the appropriate elevator and to avoid two moves in the same building at the same time. Scheduling will provide a four (4) hour time frame for each move; residents who anticipate that their moves will exceed this time frame should make special arrangements with the management.

Moving Hours. Moves in or out may be scheduled on any day during the hours of 9:00 a.m. to 5:00 p.m. only. If any move exceeds the four (4) hour scheduled moving period by more than one (1) hour, an additional hourly charge of \$50/hour will be imposed.

Refundable Security Deposit. There is a refundable security deposit of \$200, payable to "Nottacare Condominium" and delivered to the Manager no later than two (2) business days prior to a scheduled move. The deposit shall be refunded less any damage repairs to common elements caused by the move. Repair costs for damages exceeding \$200 shall be charged and collected according to the Collection Policy.

Non-Refundable Move-In Fee. There is a non-refundable fee of \$100 for the

initial move into the complex. The move-in fee covers the administrative costs of the move and is payable in advance to "Nottacare Condominium" and delivered to the Manager no later than two (2) business days prior to the scheduled move-in.

Keys. You will need **three (3)** different keys: one to the building, one to your unit, and one to the exercise room. These keys should be supplied by either the previous owner if you purchased your unit, or by the current owner if you are renting your unit. If you are unable to obtain keys from the appropriate source, Management can provide you with the keys to the building and the exercise room at \$10 each. You must obtain your unit key from the previous or current owner.

Parking in the Garage. Prior to parking your vehicle in the garage, you must register with Management and obtain a parking decal. Access to the parking garage requires a garage door opener. If you have purchased your unit, the previous owner should provide this opener to you. If you are renting your unit, the current owner should provide this opener to you. If you are unable to obtain a garage door opener from the appropriate source, you may purchase one from Management for \$75 (price subject to change without notice).

Copy of Rental Agreement. Owners who lease their units must submit a copy of the rental agreement to Management prior to tenant's occupancy.

Insurance. Whether you own or rent you should obtain proper insurance prior to moving in. Consult with a knowledgeable insurance agent to purchase appropriate coverage.

Electricity. You must have the unit electricity put in your name prior to occupancy. Contact ABC Power at XXX.XXXX.

Pets. One pet is allowed per unit.

Moving Trucks. Specific parking areas are designated moving trucks.

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Any moving vehicles parked in Fire Lanes are subject to tow without warning

Doors. The entry doors to the building can be propped open during your move, however, leaving doors open increases the possibility of unauthorized entry. Please be sure to close the doors once you have completed your move.

Trash. The trash chute is only for regular household trash that will fit into trash bags no larger than 13 gallon size. Neither the trash chute or the trash compactor is designed for handling any other type of materials. Placing inappropriate items in the trash chute can result in injuries to the janitorial staff, damage to the trash compactors, possible fire in the trash chute or the garage, and infestation of insects and rodents.

Things that should NOT be put in the trash chute include:

- Cardboard boxes or containers of any size.
- Long objects such as skis, curtain rods, bed rails and furniture.
- Heavy items such as bowling balls, small appliances, bookends, tools and metal objects.
- Liquids of any kind, especially those that are toxic or flammable.

Recycling bins are located next to the trash dumpsters. The items that can be recycled in these bins are plastic, glass, paper and aluminum only. To facilitate the separation process, please do not bag items. Recyclables should be loosely laid in the bins.

Enforcement. Should residents or their moving crews fail to follow these procedures, Management may halt the move and deny further use of the elevators or common areas. Unit owners are responsible for ensuring that tenants follow the moving procedures, including the payment of monetary charges and assessments.

Other Issues.

Cable Television. If the cable installer needs access to any common area equipment, you will need to

schedule a time with the Manager at XXX.XXX.XXXX and Comcast Cable at XXX.XXX.XXXX.

Visitor Access. Visitors at the building entrance must call you to gain access to the building. They will use the call box mounted in the outer entrance area. While on the telephone with your visitor, pushing the number 9 digit on your telephone keypad will unlock the door and allow passage.

We wish you success with your move. Questions? Call the Manager at XXX.XXX.XXXX.☎

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HOA Family Business

While homeowner associations are clearly business enterprises, some feel they should be run and have the feel of healthy family...a kinder, gentler corporation. But even families have to deal with their internal issues and the outside world in order to survive and prosper.

For example, homeowners that undertake remodeling must deal with bids, contracts, know how to negotiate, deal with problems in contractor performance, etc. Budgeting for short and long-term expenses, managing cash flow and bank accounts, paying taxes, understanding financial statements related to investments and net worth, purchasing insurance, etc., are things that families and homeowner associations alike must deal with. Ditto for managing physical assets like roofing, decks, paint and other things that require repairs and preventive maintenance and periodic replacement.

Healthy families have rules, duties, mutual expectations of courtesy and consideration, and accountability amongst members. These things may be unwritten, but still play a significant role in day-to-day life, just as with homeowner associations. Some families function via consensus and have family

meetings, processes common with associations. Further, family members require education and training, just like boards and committee members.

Accomplishing objectives and maintaining harmony requires listening skills, compassion and the powers of logic and persuasion. Dictatorial, selfish and abusive treatment produces the same negative results in both environments. And there are unpleasant extremes in both environments -- Jimmy Cagney in the lead role of the movie "One, Two, Three" ran his family just like he ran his business. His domineering style worked with the business but not the family.

Perhaps the most notable distinctions between homeowner associations and families are assessment collections and the use of professional overseers. Although with the latter, some say that is why God created in-laws.

By Tim Swallow

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Target, Process & Objective

The lack of communication is often one of the biggest complaints that many boards receive. Yet, good communication is a fundamental imperative of every homeowner association. If the board is to succeed with its objectives, it needs cooperation from the members. So how is this cooperation best obtained?

The board needs to identify priority **targets** to aim for. Hitting each target requires a **process** to achieve a positive **objective** that will improve the HOA. Here are some examples of priorities:

A. Target: Long Range Planning. Reserve studies provide a multi-year projection of common element repairs and replacements like roofing, painting, fencing and decks. The components all have varying life cycles and costs. Some have long lives, like roofs, and others have shorter lives, like paint. The reserve identifies all of the

common element components, predicts useful lives and current cost of repair or replacement. With this information, a schedule and funding forecast can be generated to assist the board in planning.

Process: Hire a professional reserve study consultant and follow the recommendations.

Objective: To maintain the property in best condition to maximize values.

B. Target: Stewardship. The board is entrusted with two things that mean a lot to HOA members: their money and their homes. Stewardship is a form of fiduciary responsibility. Good stewards handle the property of others with extreme care, making sure it is protected from forces that will do it harm or diminish its capacity. This requires careful handling of money and property.

Process:

1. Review and revise the HOA budget each year several months before the beginning of the new fiscal year.
2. Increase HOA fees *a minimum* of the inflation rate and more if expenses indicate.
3. Keep funds segregated according to whether they are for operating (normal annual expenses) or reserves (cyclical repairs or replacements).
4. Get three qualified bids on large contracts and projects.
5. Perform regular preventive maintenance.
6. Focus on *value*, not price.

Objective: When it comes to money, the board should not penny pinch by keeping HOA fees the lowest around. Lack of money diminishes services that reduce HOA member property values. Spending money prudently will maintain highest property values and member satisfaction..

C. Target: Fostering Harmony. It's a dog eat dog world out there. It shouldn't be like that in the HOA.

Process:

1. Only enact rules that are necessary and eliminate those that aren't.
2. Provide for an appeal process.
3. Offer a mediation alternative.
4. Promote social events that introduce neighbors to neighbors.
5. Promote charitable events that

showcase the HOA's kinder side.

6. Promote team events like park cleanups

Objective: There is no "I" in TEAM. Find ways for HOA members to resolve conflict and promote friendships.

D. Target: Accountability. Hold members responsible.

Process:

1. Have a clear and enforceable collection policy.
2. Have reasonable and enforceable rules.

Objective: Encourage individual responsibility through clear guidelines.

Identifying your HOA's priority Targets, Processes and Objectives will help the board focus on what's most important. Go TPO! 🌟

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Pop Quiz

1. Name the five wealthiest people in the world.
2. Name the last five Heisman Trophy winners.
3. Name the last five winners of the Miss America Pageant.
4. Name ten people who have won the Nobel Prize.
5. Name the last half dozen Academy Award winners for best actor and actress.

How did you do? The point is, none of us remember the headliners of yesterday. And these are no second-rate achievers. They are the best in their fields. But the applause dies. Awards tarnish. Achievements are forgotten. Accolades and certificates are buried with their owners.

Here's another quiz. See how you do on this one:

1. List a few teachers who aided your journey through school.
2. Name three friends who have helped you through a difficult time.
3. Name five people who have taught you something worthwhile.
4. Think of a few people who have made you feel appreciated and special.
5. Think of five people you enjoy spending time with.

Easier? The people who make a difference in your life are not the ones with the most credentials, the most money, or the most awards. They are the ones that care.

"Don't worry about the world coming to an end today. It's already tomorrow in Australia ." *Charles Schultz* 🌟

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Ask the HOA Expert
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Kid's Science Q&A

Q Name the four seasons.

A Salt, pepper, mustard and vinegar.

Q How can you delay milk turning sour?

A Keep it in the cow.

Q What are steroids?

A Things for keeping carpets still on the stairs.

Q Name a major disease associated with cigarettes.

A Premature death.

Q What is the fibula?

A A small lie.

Q What does "varicose" mean?

A Nearby.

Q Give the meaning of "Caesarean Section".

A A district in Rome.

Q What does "benign" mean?"

A Benign is what you will be after you be eight. 🌟

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