

The Practical Guide lo Horr.1eowner Association.M n agerrlent

**$59.00**

**50 HOA**

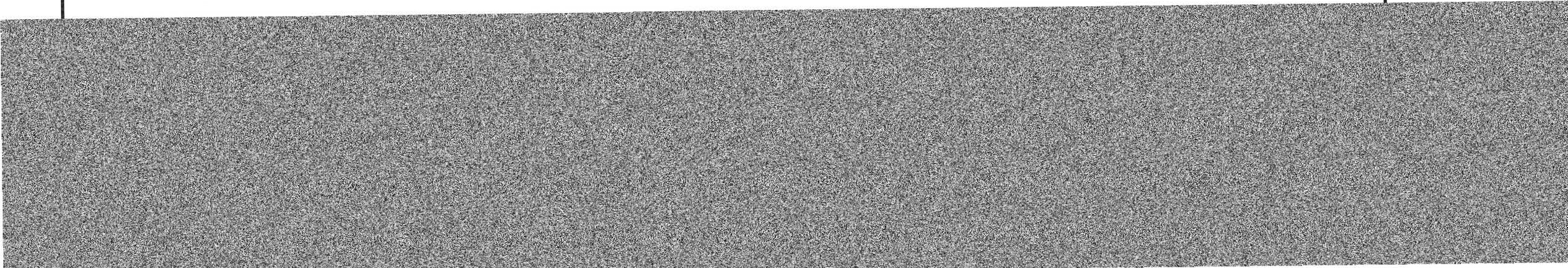
**Management Tips:**

**Tips and Best Practices for HomeolNners Association Boards**

***An Exclusive Special Report from HOAleader.* com**

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**A Message from the President**



Dear HOA Leader,

This report compiles advice from our editorial team and from experts on HOA governance and management from across the country. You'll find tips about different ways to keep your association safe from embezzlement and financial malfeasance, tips about managing the human side of HOA leadership, tips about rule enforcement, tips on saving your association money, and much more.

When creating this report, we kept all tips brief, and in our characteristic clear, plain English. As always, when it comes to issues of legal compliance for HOAs, it is important to remember that each state has its own rules, and you should

consult with an attorney or other professional as to the appropriate steps for your specific situation.

Our goal for this report, as for all HOAleader.com information products, is to help make your association a better run organization and help make you a better leader for your community. I am confident that you will find concrete ideas you can put to work in your condo or homeowners association.

To find more HOA governance tips, visit HOAleader.com t oday.

Best regards, Matt Humphrey President

Plai n-English Media Publisher of HOAleader.com

P.S. Share your own experience and advice with us and with other association leaders- join the conversation on the HOAleader.com discussion forum.

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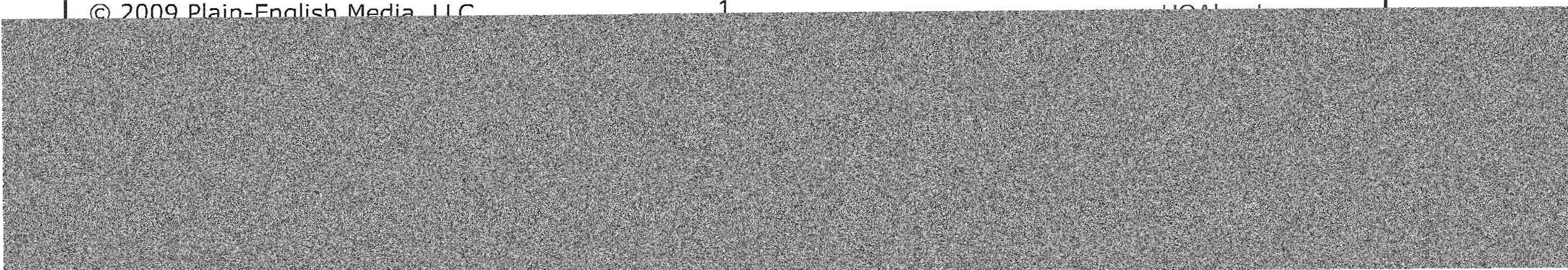
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## Challenge your management company



Don't take your management company's advice at face value. "This is the time to oversee managers to ensure that not only are dollars being spent economically and judiciously, but also to make sure nothing bad is going on," recommends Eric J. Gould, an attorney at Couzens, Lansky, Fealk, Ellis, Roeder & Lazar PC in Farmington Hills, Mich. "My general experience is that boards are watching their numbers closely, but you should also be regularly challenging your manager for more competitive bids and reviewing contracts to find the best cost."

## Don't just live there, build a community

The smartest way to make managing your community easier is to build a community in which residents feel as though they belong and want to help participate in its management. One of the best ways to generate that feeling is by sponsoring frequent community events that bring out the best in people. Examples? Regular food drives for a local food bank. Monthly events in which your residents spend a day painting and landscaping homes for the elderly. The outcome will be a deeper sense of involvement and pride your own community.

## Push hard for collections

Though it sounds cold, if you're able to collect at least something from owners who later lose their home to foreclosure, you've done your job in protecting your association. "Some homeowners think that if they ignore the association's letter demanding overdue fees, it'll go away," says Nancy Polomis, a partner at Hellmuth & Johnson PLLC in Eden Prairie, Minn.

"They don't know what to do, so they don't do anything. But if they get a letter from an attorney, they may say, 'Crud. This isn't the bill that goes to the bottom of the pile. I need to swallow my pride and ask for a loan from dad.' Or 'I know I'm

behind, I can send an extra $100 a month.' I'm happy with that. It's when homeowners say that and don't follow through that it becomes a problem."

## Switch up meeting times

Encourage meeting participation by polling your members on their preferred meeting times, and then do a test run of the most popular times to see which draw the biggest crowds. For instance, though many owners work during the day, some may be able to cut out of work early for a 5 p.m. meeting and may actually prefer that time so that they can be home in time for dinner with the family. Also work to



shorten the duration of your meetings. Wherever possible, mention some topics only briefly during a meeting, and direct

)Wners to your Web site or to handouts for more detailed information.

## Watch for suspicious employee behavior

When associations fall victim to fraud, it's often at the hands of dishonest employees. Be sure to watch for potential red flags in your employees' behavior, such as significant changes in their spending habits or financial circumstances, suggests Joel

W. Meskin, an attorney and vice president of community association products for McGowan & Co. Inc., an insurer in Fairview Park, Ohio. Be wary of em ployees who

*1* ever take vacations, which can be a sign

that they don't want irregularities to be revealed during their absence. Banks require their employees to take time off, says Meskin, and any other entity that handles funds should have the same requirement.

## Get signed contracts

If any contractor or service provider tells you that a contract isn't necessary for your project, walk away. Whether you use a standard, one-page contract for small jobs or have your attorney draft a more

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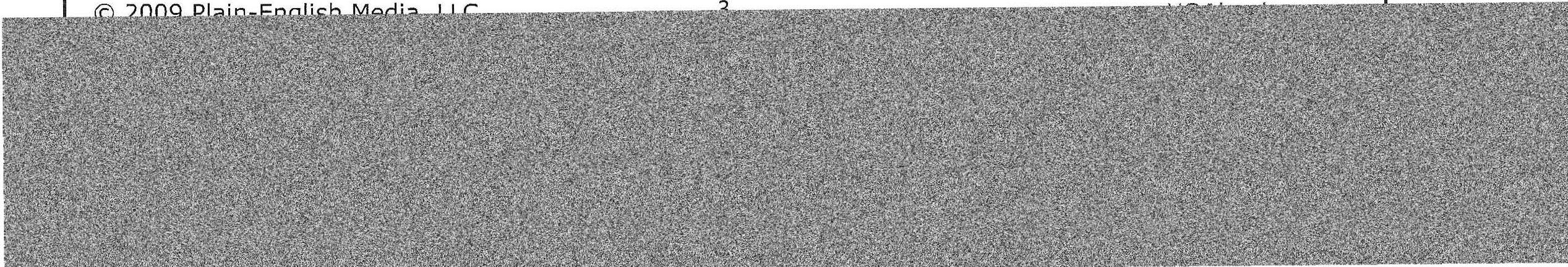
complex contract for big expenditures, make sure you get a signed agreement to protect your association. "We always encourage our associations to make sure they [have us review contracts under consideration], during which we'll look for insurance and indemnification provisions," says Tanya Fairclough­ James, a senior associate at Weissman, Nowack, Curry & Wilco PC in Atlanta. "Insurance is very important because you want to make sure contractors are insured for their line of work. And both are key ingredients of any contract to protect the association against claims made against the association based on work done by the contractor."

## Don't play favorites

Board members have a fiduciary duty to act in the best interest of the association, and acting without consulting the rest of your board may be a violation of that duty, says Nancy Polomis, a partner at Hellmuth & Johnson PLLC in Eden Prairie, Minn. "Board members must remember that they must always act as a unit-no individual has the authority to make decisions independently," explains Polomis. "Homeowners, however, don't always appreciate this fact . Often­ particularly when an association is self­ managed-homeowners will contact a board member to seek assistance on a particular issue. If you're contacted, advise owners to submit their concerns in writing to the board for consideration."

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Avoid telling them that you'll "go to bat" for them or champion their cause because it may create discord if the board acts in a manner contrary to the homeowner's position. It also calls into question whether you're, in fact, acting in the best interest of the entire association.



## Review your original bank statements each month

It's easier for a shifty employee or management company to siphon off association funds when you don't see your actual bank statements. So insist that you see actual bank statements each month, not a summary of your accounts prepared by an employee or your management company, suggests Sima L. Kirsch, a principal at the Law Office of Sima L. Kirsch PC in Chicago. Make sure the person who receives your bank statements isn't the same one who handles all the association's bank transactions and

business, adds Joel W. Meskin, an attorney and vice president of community association products for McGowan & Co.

Inc. in Fairview Park, Ohio. Separate those tasks so that one person writes checks, and another receives bank statements and balances accounts. Finally, Kirsch recommends having a second employee inspect your cancelled checks to be sure funds are being deposited into the proper accounts.

## Prepare owners for tough times

"Notify your members what your collections policy is so they're aware of your efforts and their own responsibilities," says Ann Marie Mehlert, senior counsel at Garson Claxton in Bethesda, Md. "Tell them, 'We know these are hard times, and this is what we're going to be doing. In addition, the next budget will probably have increased fees.' Rather than the board hunkering down, be more open. Let members know what's going on, that delinquencies have gone up, and where you're working to find savings. The more open you are, the more it will help."

## Keep delinquencies from affecting your

**i**-**nsurance coverage**

Don't let vacant homes cost your association money. "Most master insurance policies that associations purchase have provisions that require maintaining heat in each home and an exclusion from coverage when damage results from a failure to maintain heat in the home," says Nancy Polomis, a partner at Hellmuth & Johnson PLLC in Eden Prairie, Minn. "With the increase in mortgage foreclosures, more homes are being abandoned, and when homeowners move out, they often shut off all utilities,

including heat. Without heat, pipes freeze, causing massive damage. In most cases, the master policy will *not* cover that

lam age. The losses from a denial of insurance coverage could financially cripple an association." A similar problem can occur in hot climates when owners turn off air conditioning, causing mold to

grow. Whatever climate your association is in, implement policies and procedures to ensure that your association is aware of vacant homes within the association and take steps to maintain heat or air conditioning.

## Communicate early and often

It's easier to manage owners' expectations when they feel informed and consulted about the management of their

ssociation. The best ways to do that? Ask owners to opt into a monthly e-mail newsletter updating them on goings on, ideas being considered by the board, and monthly financials. For those who don't want to read another e-mail, post the same information on a Web site. Make sure you provide a forum for feedback and poll your members on hot topics within your association. You may not always be able to do what members want, but having a pulse on your members' concerns and preferences will give you an idea of how much education you'll need to provide when you can't satisfy them.

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## A rule for every situation

Associations often underuse rules and regulations, says Joel Hilgendorf, an associate at Hellmuth & Johnson PLLC in Eden Prairie, Minn. "Rules and regulations are specific guidelines and policies relating to the day-to-day operation of an association," explains Hilgendorf. "Unlike other association governing documents, rules are generally easy to adopt and modify because homeowner involvement isn't typically required. But many associations simply never get around to adopting rules that fill in the gaps their CC&Rs don't specifically cover, leaving many areas of operations unregulated or vaguely controlled by common practice.

That leaves ambiguities in the governing documents and can lead to disputes between the association and its members."

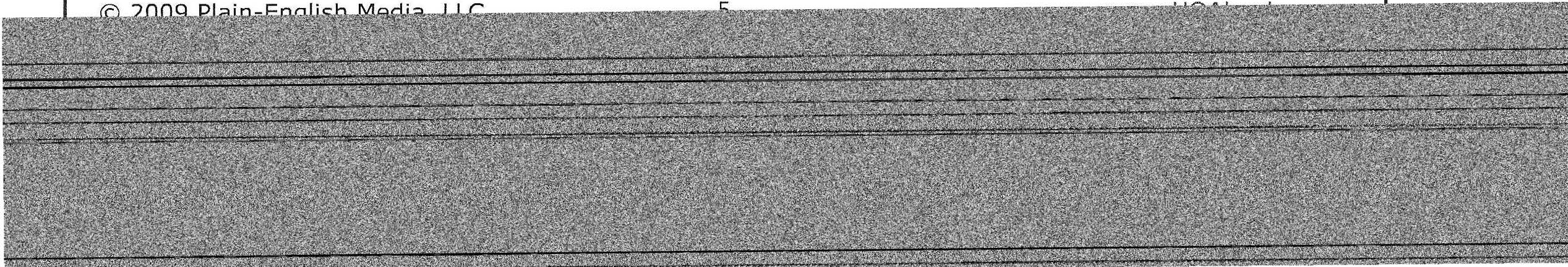
## Don't dictate. Build trust

One big mistake some board members make is assuming that because they hold power in the association, they can wield it any way they want. Bad idea. Instead, work to build trust among your members, and you'll see tensions begin to ebb away. How? Be open and transparent. Keep your association's legal documents, resolutions, books, and records in a location that's

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open to inspection upon reasonable notice by owners, recommends Sima L. Kirsch, principal at the Law Office of Sima L. Kirsch PC in Chicago. Communicate with owners, and allow them to be heard on association-related matters. Use questionnaires to understand what's important to them and to uncover community problems. Finally, decrease the number of lawsuits threatened and filed against the association by encouraging the use of alternative disput e resolution whenever possible.



## Divide and duplicate tasks to identify fraud

Though it seems wasteful, there are times when it's smart to duplicate tasks and divide jobs in less-than-efficient ways.

Store blank and unused checks in a secure location, and require that at least one person-or two in a more secure arrangement-signs checks, advises Joel

W. Meskin, an attorney and vice president of community association products for McGowan & Co. Inc., an insurer in Fairview Park, Ohio. Require that employees or your management company present original invoices with checks for signature. Employees who sign checks should always stamp or indicate in another obvious way on an original invoice that it has been paid. Finally, ask your bank to deliver

duplicate statements to several different employees.

## Take over for delinquent owners

Protect yourself before owners become delinquent on assessments. Require that owners who rent their property but are delinquent in association fees or assessments allow the association to step in and demand that the tenant pay rent directly to the association. "I got a call from a brand new association client in which 50 percent of owners weren't paying assessments, and about 48 percent of the units were rented out," explains Donna DiMaggio Berger, managing partner at Katzman Garfinkel in Ft. Lauderdale, Fla . "We can amend the bylaws to require owners to use the lease form approved by the association and require that tenants remit rent payments to the association."

## When there's tension, be the bigger person

Any time a diverse group of people get together to live collectively, you'll have tension. When that happens, smart board members know that sometimes the best way to resolve a problem is to apologize and seek common ground. You might think, "I have nothing to apologize for! I'm acting in the best interest of the association." That kind of thinking may help you win the battle, but you won't win the war. Owners will resent your

stubbornness in the long run. Rather, put your ego aside and say, "I'm sorry we're at an impasse. Tell me what we can do to ease your concerns." A conciliatory approach may not always work-but it often does. And it's usually the best place to start.

# Know your responsibilities as board members

Because many owners have never lived in associations, those who volunteer for the board often don't know what they're getting themselves into. As a practical matter, board members should attend most, if not all, meetings and come prepared, says Nancy Polomis, a partner at Hellmuth & Johnson PLLC in Eden

)rairie, Minn. Though you don't have to know and understand every word, you should be familiar with the association's governing documents-the articles of incorporation, declaration, bylaws, and any rules and regulat ions . Without that understanding, you can't be prepared to head off problems before they occur.

# Invest in a fidelity bond

If your association is the victim of financial fraud, can it recover its losses? Your odds are better when you invest in a fidelity

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bond, which protects policyholders for losses incurred as a result of fraudulent acts by specified individuals, typically employees, agents, and even board members. According to Joel W. Meskin, an attorney and vice president of community association products for McGowan & Co.

Inc., an insurer in Fairview Park, Ohio, as a general rule, a fidelity bond should cover the maximum funds that will be in the association's or its management company's custody, the amount required by the association's bylaws, or three months of assessments plus current reserve funds-whichever is greater.

# Get smart advice

Every association is looking to save money, and sometimes that may mean making decisions without consulting experts. But did you know that as a board member, discharging your duties in good faith requires that you seek the advice and opinions of your association's professional advisors-including its accountants, attorneys, and management agents-if youreasonably believe an issue is within the advisor's professional or expert competence? And it's not enough to consult any professional advisor, according to Nancy Polomis, a partner at Hellmuth & Johnson PLLC in Eden Prairie, Minn. You should choose an advisor who's well versed in community associations.

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## Prevent fraud in collections

Make sure you have a defined process for receiving and handling members' payments. Don't allow cash payments of dues, assessments, or fines, and enable your system to allow direct deposit of member payments, recommends Joel W. Meskin, an attorney and vice president of community association products for McGowan & Co. Inc., an insurer in Fairview Park, Ohio . Use a lockbox to store paper checks collected from association members, but deposit them as soon as possible. Finally, keep copies of all checks so it's easy to conduct audits.

## Think about worst- case scenari-os

If you're considering implementing a policy or taking an action that may generate serious anger among some members, don't ignore the risk of an ext reme response. For example, more and more associations are considering publicly disclosing the names of delinquent owners as a method of shaming those owners into paying up. Even if that tactic is legal in your state, it could have unintended consequences if the list includes members

who are in a protected class, says Penny L. Koepke, an attorney at Ekmark & Ekmark LLC in Scottsdale, Ariz.

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Think that's a stretch? In one case, an association Koepke advises installed speed humps over a few owners' obj ections . One couple went so far as to file a fair housing complaint with the state housing authorities, claiming a speed hump was installed in front of their home because the husband was Muslim and the wife was Hispanic. "The outcome was in the association's favor," says Koepke, "but the community spent $4,000-$5,000 responding to the investigation. That's something to be aware of."

## Ask members to "give or pay"

Many associations are looking to cut costs and asking members to do low-risk tasks that have been outsourced in the past, such as landscaping and cleaning. To mollify members who don't want to participate, offer them the option of giving the association their time by performing the work themselves or paying to have those services performed by someone else. "I'm suggesting to my clients that if they want to try to do some things internally, they have a give or pay policy," explains Sima L. Kirsch, a principal at the Law Office of Sima L. Kirsch PC in Chicago. "Set up a volunteer program, have a

calendar and routine, and everyone agrees to participate. Those who don't agree can opt out for a dollar amount agreed on by the board. Offer it as an option-pay the money or do the work."

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# 23M. ake your budget orocess transparent

"Budgeting shouldn't be a secretive process because members have the right to know about the association's finances," says Eric J. Gould, an attorney at Couzens, Lansky, Fealk, Ellis, Roeder & Lazar PC in Farmington Hills, Mich. "Present your budget so that community members know you've got X budgeted for maintenance and Y for repairs, and make sure the board has information available to respond to questions and support its numbers. For example, you should explain, 'We were using ABC Co. for landscaping. We put the contract out for bid and stuck with ABC because it's still the best deal out there,' or 'We've made a change for this reason.' You don't have to go into detail on each line item, but it's to the board's benefit to

e able to communicate the fact that it's oing its job and not just taking a

spreadsheet and swapping 2009 for 2008 and adding 5 percent to each line item.

That will build confidence within the community."

# Move fast if owners are delinquent

If a growing number of your members are behind in assessments, try to beat the lender to the courthouse, recommends Bob Tanke!, principal at Robert L. Tanke! PA in Dunedin, Fla. "When an owner is

delinquent, the board needs to consider moving as fast as possible in the collection and foreclosure process to try to take title and rent the property before the lender finishes the foreclosure," he explains. "In Florida, lender foreclosures are taking anywhere from nine months to two years because lenders don't want to pay taxes, assessments, insurance, and so on." During that time, you'll probably not receive a dime from the owners and certainly not their lender. However, an association's collection and foreclosure action can take only six to eight months, says Tanke!, after which you can take title and rent the property to try to recoup unpaid fees.

# Ask for a second set of eyes to suggest cost cutting

"Common charges in annual budgets aren't carved in stone," says Luigi Rosabianca, an attorney who advises associations and co-ops at Rosabianca & Associates in New York City. "There's always room for greater oversight or a second set of eyes, especially if you can save a couple of dollars for the greater communal good. You'd like to think your management company is already doing that, but some associations are asking: Should we hire someone to look over our management company's shoulder? If you have a diverse board with the expertise internally, you probably already do it

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yourselves. You can also have an accountant or another property management company take a second look. There would be a fee, but if the management company is familiar with your neighborhood, it should be able to look at your books in an hour and tell you whether they make sense."

## Never give up all of your leverage

No matter what kind of company your association hires for whatever job, be smart in how you pay contractors. "Require some kind of work schedule, and make sure you don't pay the contractor in full up front," advises Tanya Fairclough­ James, a senior associate at Weissman, Nowack, Curry & Wilco PC in Atlanta. The most common payment plan divides projects into thirds, with one-third paid up front, another third paid when a certain level of progress-described in the contract-is completed, and the final third paid upon satisfactory completion of the project.

## If you ban renters, exempt your HOA

Many associations have decided to try to preserve property values by banning owners from renting their units.

Remember, however, that bans apply to

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your association, as well-unless you've included a sentence in your governing documents that says the rule doesn't apply to the association. "In this extremely dangerous market, if the association forecloses and takes title to an owner's property, it will face a political and perhaps a legal problem if it takes title due to a foreclosure and tries to rent pending foreclosure of the first mortgage," explains Bob Tankel, principal at Robert L. Tankel PA in Dunedin, Fla. "But no matter what your documents say, your association should aggressively foreclose and take title to units of owners who don't pay. Make sure your members know that if they don't pay your association, they won't hold on to their property for long and that the association will do everything it can to divest them from title and rent the unit to recoup the lost paym ent s."

## Be smart in hiring security

Need to buff up security in your community? Investigate security companies before you sign a contract. Do a request for proposal and get bids from several companies. Ask each bidder for a copy of its security license (if you are in a state that requires security companies to be licensed) or its business license, along with evidence of insurance coverage, suggests Chris E. McGoey, president of McGoey Security Consulting in Los Angeles. Read the fine print in each

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contract to be sure you're not being asked to sign an indemnity clause in favor of the security company and to determine what 1ill and won't be provided by the company. (For example, the security company should properly equip its officers with uniforms, hand-held radios or cell phones, logs, a flashlight, and a vehicle, if necessary; it should also provide background screening and all training suitable for your site). Once you've decided on a company, request that your association be named as an additional



insured on its insurance policy, and require that it indemnify your association for its negligent act s. Finally, insist that detailed written activity logs be turned in after each day. Read those logs, act upon them

where necessary, and keep them for at least two years.

## .9. Create smart hiring practices

Since your association receives and spends money on a regular basis, make sure you adopt a thorough process for hiring employees. Background checks are inexpensive, and they're a smart way to screen prospective employees, says Joel

W. Meskin, an attorney and vice president of community association products for McGowan & Co. Inc., an insurer in Fairview Park, Ohio. Though it may rub board members the wrong way, Meskin also suggests doing background checks on them, too. Also check references for

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potential employees and contact the former employers of prospective managers.

## Protect your association from lousy renters

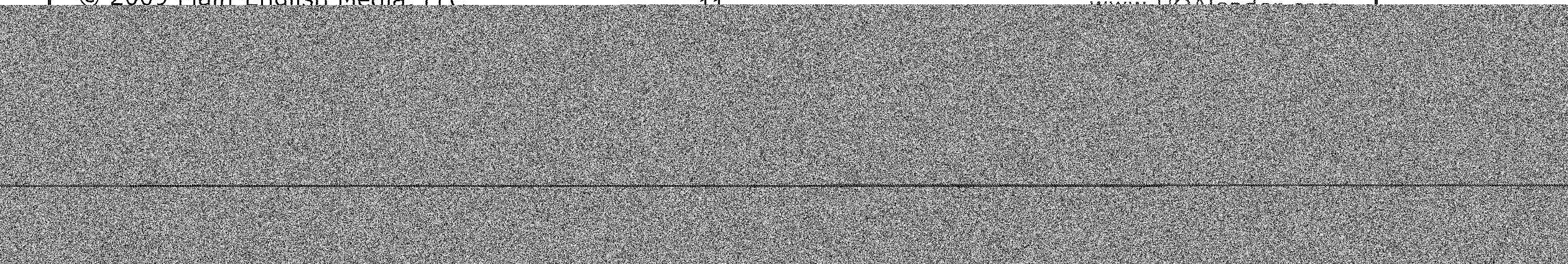
If your association allows owners to rent their units, make sure you have rules in place to protect the association, recommends Joel Hilgendorf, an associate at Hellmuth & Johnson PLLC in Eden Prairie, Minn. Require that owners have a written lease agreement with the tenant and that they provide a copy to the association before the rental, subject to the association's approval. Require that owners include a clause in their lease that the agreement is subject to the association's governing documents and that a violation of any of the governing documents constitutes a violation of the lease. Require owners to perform background checks on prospective tenants and provide certification to the associat ion that checks have been completed.

Mandate that owners register their unit

with the association as a rental property and provide contact information for the owner and all occupants. And don't forget to establish fines for rules violations.

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## Drum up meeting participation



Having a hard time getting members to show up at meetings? Have fewer meetings, preferably only quarterly, and limit their duration, recommends Sima L. Kirsch, a principal at the Law Office of Sima L. Kirsch PC in Chicago. Eliminate agenda items that allow unit owners to gripe openly at the board, instead asking that all issues to be discussed be submitted in writing. Update your rules annually, and strictly follow them so that you promote a neighborly, yet businesslike, environment that will encourage participation.

## Don't get into tax trouble

Just because your association doesn't have to pay taxes doesn't mean it doesn't have to file a tax return. Most associations aren't required to pay state and federal income taxes unless they get more than 30 percent of their gross income from sources other than membership, dues, fees, or assessments and they don't pay net earnings or income to individuals. But your association must register with your state as a tax-exempt organization and file a federal tax return. Ignoring those requirements could come back to haunt your association.

## Take advantage of plastic

Your association could be earning credit card rewards by paying some bills with an association card . Of course, you'll need to be exceptionally careful about who gets to use the card and for what purpose-and you must be sure there are checks and balances so that you can detect improper use immediately. Also consider setting up your assessment-payment function so that you can receive credit card payments from members. You'll incur some set-up

costs, and you'll have to pay the merchant fee on each transaction. But it may boost collections since cash-strapped buyers may feel better paying with plastic rather than falling behind.

## Don't blithely change rules midstream

One way to really anger owners is to suddenly change the ground rules on policies that owners have come to rely on over the years. Example? You've had a two-dog policy for years, and owners who moved in with two pooches felt assured their precious pups would be safe from overzealous boards. Suddenly, you change your rules to allow only one pet. If you must change course in a way that is likely to alarm residents, create a process to educate owners on the need for the

rule change, gather input and ideas on the best way to change the rule without upending owners' lives, and work to get owners' buy-in on the final rule.

# Hire good legal help

A good attorney can mean the difference between an uneventful year and one in which your association spends thousands to respond to a lawsuit, however frivolous. It can also mean the difference between strong contract protection and repeated disputes with contractors over work and money. Do your homework before you choose an attorney. Not all real estate lawyers are the same-some special ize in residential, others in commercial real estate, and neither of those may fully mderstand association law. So ask

..,pecifically about attorneys' experience in representing associations, explains Sima L. Kirsch, principal at the Law Office of Sima

L. Kirsch PC in Chicago. Also, know the style of the attorney you're considering hiring. Litigators handle lawsuits and can be more adversarial in resolving disputes. Transactional lawyers handle contracts and may be less confrontational. There may be times when you need a pit bull; other situations may call for a teddy bear.

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# Need a loan? Go to an expert

If your association needs a loan to finance necessary work, find an expert in association lending. "You have to shop around," says Edward Taylor, principal at the Law Office of Edward M. Taylor in Smithtown, N.Y., who's also president of the Community Association Institute's Long Island chapter. "You can't just go to the bank you do business with or the one where your association's president

perso nally banks. Some banks don't know what they're doing and how to handle a loan to a common-interest associat ion .

Other banks have very specific and developed programs for associations, and those programs vary from one lender to another."

# Prevent repeat offenses with smart fines

Do you have a problem with some members repeatedly breaking your rules? Perhaps your fines aren't high enough. "If you're imposing fines often and they're being paid, you might need to increase the amount of the fine to force compliance or address the situation in a different way," says Justin D. Park, an attorney at

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Romero Park & Wiggins in Bellevue, Wash. "For example, fine structures can become outdated, and you may decide to give up on enforcing a particular fine because the community has effectively decided that the rule is no longer a value your community wants to protect."

## Invest your reserves wisely

You can-and probably should-invest your reserves to strengthen your association's financial position. But be careful. Most responsible boards interpret their fiduciary responsibilities to mean that they must limit their investments to those that will allow their reserves to grow but not jeopardize the principal amount. The most common investment vehicles for reserve funds are the boring stand-bys that allow principal safety, some growth, and reasonable liquidity, such as savings accounts and certificates of deposit. If you chose those routes, remember that the Federal Deposit Insurance Corp., which insures deposits in U.S. banks, limits coverage to $250,000. If your

association's reserves are higher, look for a bank that provides additional depositor insurance. You may have to trade a little lower return for the benefit of additional security, but that's probably a reasonable decision.

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## Educate members on association life

Many problems that arise at associations involve first-time owners or first-time association members who simply don't understand how associations work. Often new owners are surprised and confused when they're informed that they've broken a rule they didn't even know existed. Rather than start with the assumption that new owners are willfully being difficult by flaunting rules, assume that they simply need a primer on the dos and don'ts of community living. Give that primer to them in a new-owner orientation. Introduce board members so owners will know whom to approach if they have questions or concerns. Explain briefly how an association works, the board's role, how board members are elected, and the most effective ways members can provide feedback to the board. Discuss what assessments pay for so owners understand the benefit they're getting by belonging to an association.

And go over the rules that cause the most dissent, explaining why it's important that they're followed and enforced.

1. **Trust, but verify, your management company's promises**

Make sure you don't wing it with your management company. Instead, have a

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written contract that spells out which

services your management company will and won't provide, how often it will

rovide the services, and the fees the company will charge. "The most common complaint I get is about the management company's failure to provide accurate and timely financial reports," says Michael S. Hunter, an attorney and partner at Horack Talley in Charlotte, N.C. State in the contract that your association needs accurate financial reports by specific dates-such as the 10th of every month­ and that the failure to meet that requirement will be considered a material

breach of the contract. Also make sure you carefully review the termination provision. "If the association isn't happy with the services provided, make sure you can quickly and inexpensively terminate the contract," explains Hunter. "In some cases, the management company will insist on an early termination fee during

2 first 12 months usually totaling one to three months of its fee."

## Work with police to

**improve security**

Start by identifying your community liaison. "Every department has somebody who's a community liaison," says David R. Anderson, an Alexandria, Va., crime prevention consultant and co-author of *Managing to Prevent Crime: A Guide for*

*Property Managers.* "It's good to know who that person is and to build a relat ionsh ip.

I nv it e that person to your association meetings to make a presentation. If your local police department is small, get to know the chief by asking for a meeting. Then, when a problem develops, you've got someone to work with. You don't want your only contact with police to be when there's a problem."

## Take advantage of free help

Make sure your association is doing what's necessary to prevent premises liability claims by taking advantage of free services offered by many police departments, security companies, and insurers . "We recommend that associations have the local police come out," says Donna DiMaggio Berger, managing partner at Katzman Garfinkel in Ft. Lauderdale, Fla. "The police will do a free seminar on security and a neighborhood audit to identify things like which bushes are perfect hiding places [for would-be criminals] and where you could use more lighting." Security companies often do such reviews for free and offer a discount if you then hire them to perform upgrades. When your insurance company provides the service,

it can sometimes result in a reduction in premiums.

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