

WHO'S WHO

Homeowners' associations, or HOAs,

- Homeowners are the HOA
- Are formal legal entities created to maintain common areas; they have the authority to enforce deed restrictions. Most condominium and townhome developments, and many newer single-family subdivisions, have HOAs, which are usually created when the development is built. Covenants, Conditions & Restrictions (CC&R's) are issued to each homeowner, and HOAs are established to ensure that they are adhered to in order to maintain the quality and value of the properties involved.

Features of a Homeowners' Association

- Membership is mandatory for all property owners within the development
- Members are usually charged mandatory fees
- Homeowners associations have the authority to enact and enforce maintenance and design standards in addition to those established by City ordinances
- Homeowners' associations are corporations with formal bylaws - there is usually a governing board which hires a property management company to handle maintenance and enforcement issues

Community Manager: Provide strong leadership and management direction on behalf of Board of Directors. Key responsibility is to oversee the entire operation and consistently adhere to and execute the mission and vision of the Board and community. Manager position has oversight of all aspects related to the business and operations of the community. Manager has the sole duty of the day-to-day operations, legal compliance and overall oversight of the association and staff.

- Support the activities of various sub-committees. Knowledge of all community governing documents. Provide recommendations on revisions.
- Continual process of seamless connections between the Board of Directors and committees.
- Monitor and report on the monthly financial position of the association.
- Provide leadership to each meeting involving the Board of Directors in terms of agenda support and written and oral reports. Summarize the priorities of each meeting with appropriate follow up.
- Produce requested reports for board packets in a clean, orderly, and professional fashion.

Assistant Manager:

- Take client calls and manage work order process, vendors, and client issues.
- Consistent use and maintenance of Caliber.
- Coordinate with Community Manager to prepare monthly Outlook calendars for deadlines, reports, processes, and standing meetings.
- Transcribe and type documents and letters as required.
- Coordinate all meeting logistics as required.
- Obtain bids for services and special projects and create RFP and comparison spreadsheets as requested.
- Act as backup when Community Manager is on vacation, sick days, or out of office.
- Maintain community profile, portfolio, policy notebooks, association manuals and any annexation documents.
- Annual association file clean out in accordance with company standardized hard copy and electronic system.
- Assist all administrative duties.
- Manage client meetings, site visits, meeting follow-up and overall processes for addendum accounts as assigned
- Oversee Community Center Staffing needs.

Compliance Coordinator:

- Performs regular inspection of resident lots according to the CC & Rs, Community Rules, Design Guidelines and document non-compliance conditions.
- Responds to resident's questions concerning violation notices by e-mail or phone within 24 hours.

- Closes out violations in the database once non-compliance is resolved by resident.
- Daily processes parking violation information received from the patrol service.
- Provides weekly violation report to the Community Manager.
- Monitors the common areas for violations and maintenance issues.
- Provides bi-weekly review of the community.
- Provides violation information and reviews property for Resale Disclosure Report.
- Other duties as assigned by supervisor.

Community Coordinator: This position is responsible for assisting with HOA related items such as CC&Rs, Architectural Design Submittal Applications, and payment processing.

- Respond to all email and voicemail messages/requests in a timely manner.
- Initiate procedure for architectural submittals from homeowners and update/maintain architectural submittals and pertinent information.
- Prepare and distribute monthly Architectural Committee meeting agenda and packet to committee members.

BOARD OF DIRECTORS

Depending on the management agreement, some of the following responsibilities can be turned over to a managing company

President

- Chief executive officer and leader of the association
- Presides at all meetings of the board and membership
- Executes legal documents on behalf of the association
- Sets meeting agendas and controls all meetings
- Represents the board before the residents
- May have nominating, if not appointment, responsibility for all committees

Vice President

- Performs all of the duties of the president in his/her absence
- Typically shares some of the burden of the president regarding appearances, liaison, public hearings, etc.
- Usually assigned liaison responsibility to specific staff or contractors, and to specific committees

Secretary

- Distributes board and membership meeting agendas, minutes, and materials referred to in minutes
- Maintains minutes on all meetings
- Maintains book of resolutions
- Maintains all official records, including official correspondence, contracts, membership roster, etc.
- Receives, verifies, and maintains all proxies
- Attests, by signature, to the legitimacy of certain documents

Treasurer

- Works with appropriate staff, contractors, and committees to develop and submit annual operating budget for approval
- Maintains adequate records of all association financial transactions
- Maintains roster of disbursement of funds, as authorized
- Prepares period financial reports
- Arranges, subject to board approval, an independent audit of financial affairs

PERSPECTIVES OF BOARD, HOMEOWNER, AND MANAGER

Board of Directors Perspective:

- Maintaining the value of the property and a good quality of life for the residential community
- Governing smoothly
- Enforces rules
- Establishing and keeping budget

Homeowners Perspective:

- Most care a great deal about residences
- Will want service from manager and decisions from Board that will provide a good quality of life
- Problems may arise when expectations are too high or not realistic; this can occur when interests are too specialized or unique

Managers Perspective:

- Working in balance with homeowners, board, and realities of management companies business (possible friction)
- Problem-solver
- Multi-task oriented

GOVERNING DOCUMENTS

- All documents that regulate the community life
- Documents may vary depending on type of Association (condo, townhome, etc.)
 - State law
 - Declaration of Covenants or Master Deed
 - Conditions and Restrictions
 - Bylaws
 - Rules and Regulations
 - Plats of Survey and Easement Agreements (may be separate, often included in the declaration)

Legal Docs for Homeowner Associations and the Hierarchy of such Documents

- **Subdivision Plat** - describes the location and nature of the common property and the individual lots
- **Property Deeds** - comprise the individual lot deeds and the deeds to common property which give a legal description of the property
- **The Declaration of Covenants, Conditions, and Restrictions** - the declaration of CC&Rs is the collection of covenants imposed on all property within the development and provides:
 - For automatic association membership of all owners and the basis for voting rights
 - The obligation of each owner to share in funding the cost of association operations
 - Certain restrictions (architectural control and other rules) on the use of the property and the association's enforcement powers
 - Sets forth the power and authority of the association to own and maintain the common property and to make and enforce rules
- **Articles of Incorporation** - creates the association as a legal entity under state corporate statute; defines the board powers and responsibilities of the association and its membership; and, sets forth the process for creating the board of directors, voting system, etc.
- **Bylaws** - implements, in specific detail, the provisions of the CC&Rs and the Articles of Incorporation regarding the association operations, including delineation of the meeting process, election procedures, powers and duties, board meetings, committees, insurance requirements, rule-making and enforcement process
- **Rules and Regulations** - sets forth the operational powers or provisions and the use restrictions adopted by the association

APPLICABLE CIVIL RIGHTS LAWS

- Prohibition against racial discrimination as stated by the Civil Rights Act of 1866
- Equal Credit Opportunity
- Fair Housing Amendments Acts, 1988, applies to sale of residence
 - Does not prohibit discrimination by owners, if selling or renting as long as they own 3 or less homes
- Board is prohibited from discrimination in exercising its 1st right of refusal
- Association must abide by laws prohibiting discrimination against families with kids
- Persons with disabilities (at own expense) must be allowed to make accommodations per the Americans with Disabilities Act, 1993

ACCOUNTING BASICS

Cash Method of Accounting - income and expenses are only recorded when cash changes hands. Financial reports only reflect cash transactions. This is a relatively simple system for simple situations. Because all obligations are not recorded until cash changes hands, this method does not provide an accurate portrayal of the financial condition of the association at any given time.

Accrual Method of Accounting - keeps track of all financial activities, including revenue as it is earned (as opposed to when it is received) and expenses as the obligation is incurred (as opposed to when it is paid). This makes possible a more accurate determination of the financial condition of the association at any point in time. Also, this is a better method for multi-year tracking of capital reserves credits and deficiencies. The primary disadvantage is the greater complexity and technical knowledge that is needed to maintain the records, understand the reports, etc.

Capital Reserves - the Board has the obligation to repair and replace major capital facilities, buildings, and equipment of the association. The ideal method of providing for these future expenses is the establishment of a capital reserves system and budget to assure that such funds are available when needed. With knowledge that the future holds predictable major expenditures for repair and replacement of facilities and equipment, the association could begin the gradual accumulation of funds through a reserve account to meet all or a portion of that expense when it comes due.