



The Regenesi Report



National Edition

Innovative Homeowner Association Management Strategies

Priceless

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.



RICHARD L. THOMPSON

EDITOR & PUBLISHER

rich@regenesi.net

Regenesi, Inc.

PO Box 19605
Portland OR 97280

www.Regenesi.net

PH 503.481.7974

Minutes by Minute

Taking meeting minutes is an extremely important function that should not be neglected or taken lightly. Minutes are the official record of HOA business. Major decisions are reflected in them that could impact the HOA for years to come. Since only a small number of members usually attend the meetings, accurate recording is particularly important since the actions reflected in those minutes directly impact the HOA members. If the members don't get copies of them or understand them when they do, what good are they?

Minutes are a record of what was *done* at the meeting, not what was *said*. If the presiding officer keeps that in mind, it will help guide the meeting process. To control the quality and quantity of the meeting, all discussions should be formalized in a motion before proceeding. When a topic comes up, the President says, "Do I hear a motion on this subject?" to begin the process. If no one offers a motion which someone else seconds, the issue isn't important enough to waste time on. Move on.

At the end of each meeting, there will have been a series of topics that made up the meeting. The minutes should recap these discussions in sequential order using the Goldilocks Method: Not too much, not too little, juuuuuuuust right.

Each item of discussion should have its own paragraph which recites the motion made and who made it. All approved secondary motions and amendments should be included as well as points of order and appeals.

There are several things that **should not** be included in the minutes: motion seconder's name, remarks of guest speakers, withdrawn motions and personal opinions.

Now that you know the principles of writing good minutes, here's a sample:

Sample Minutes

The monthly Board Meeting of the Nottacare Condominium was held on, January 21, 2023 at 7:00 p.m. in the Clubhouse.

President Pablo Pompadour verified a quorum was present.

The minutes of the October 2021 Board Meeting were read by Secretary I.M. Noteworthy and approved as corrected.

The Treasurer's Report was given by Treasurer Fred Financial. As of December 31, 2021, the balance in Operating is \$12,897.34 with all bills paid to date. The reserve account has a balance of \$45,900 in the ABC National Bank Money Market fund which is currently yielding 1.95% APR. There is a total of \$675 in delinquent assessments from two members which have been turned over to the attorney for collection.

Committee Reports

The Grounds Committee Report was given by Committee Chair Flora N. Fauna. The committee is reviewing the Greener Grass Landscaping contract and will make a recommendation at the January 2022 Board Meeting.

New Business

A motion was made by Judy J. Judy to ban all aardvarks from HOA grounds. She cites continued problems with rooting in the planting beds and threatened lawsuits from the Termite Protection League. After heated debate, the motion was tabled but the table collapsed due to termite damage.

Joe Bob Redneck moved that the board approve flying the Confederate Flag in support of his South Will Rise Again Initiative. The motion died for lack of second and Joe Bob seceded from the board.

The meeting adjourned at 8:40 p.m.

Submitted by:

I. M. Noteworthy, Secretary

Minutes are minutes, not seconds or hours. Now that you know how, you too can be a Minute Man, Woman, Person or Thing. Write on! 📝

Ask the HOA Expert

Q We have recurring problems with insurance claims. Our management company advises that if a unit owner has damage inside their condo (toilet overflow, fire, etc.), the claim should be submitted to the HOA's insurance carrier which will determine whether the claim should be paid by the HOA or the homeowner insurance. This doesn't sound right to me.

A You are correct to be concerned. Homeowner association insurance is designed to be very broad and cover many kinds of claims including damage to unit interiors. It is up to HOA policy to restrict the kinds of claims that can be submitted. This is necessary to safeguard the HOA's insurability. Excessive claims cause premiums to rise or the policy to be cancelled.

To prevent this, the board should adopt an "Insurance & Maintenance Areas of Responsibilities Policy" which separate responsibilities either by "HOA" or "owner". Another policy should be adopted to require all owners to carry condominium insurance insuring their unit and personal property. Once these policies are in place, each owner will know what kind of claims may be made to the HOA's insurance and should advise their agents accordingly.

All insurance claims made against the HOA's insurance should be pre-approved by the board before submission and the agent should be put on notice not to accept one unless it has that authorization. This will help control the number and types of claims. There are cases when the damage is so small that the HOA should just pay for it rather than submit a claim. Insurance companies track the number of claims closely, even if no money is paid out. Claims cost money to process and above average number of claims indicate higher risk. Getting put in a higher risk category is never to the HOA's benefit.

A sample Areas of Responsibility policy in the Regenesi.net Policy Samples section is available to Gold Subscribers.

Q We have HOA members who want copies of Board Meeting minutes prior to approval at the next meeting. It makes me nervous to have info released that isn't official or is possibly not accurate.

A The problem with waiting until the next meeting to circulate approved minutes is that some or all of the action items in the previous meeting's minutes may have already taken place. It is a good practice to post the minutes (clearly marked "DRAFT subject to revision and approval by the board") so that the members have an inkling of what happened. Same goes for the annual meeting minutes.

REGENESIS RESERVES

PACIFIC NORTHWEST
RESERVE STUDY CONSULTANTS

- Complies with Statute
- Custom Funding Plan
- Maintenance Plan
- Many Satisfied Clients

NO OBLIGATION PROPOSAL

503.268.1789

info@regenesisreserves.com
www.regenesisreserves.com

MEMBER
Association of Professional Reserve Analysts

Q Our current by-laws state a board member can be removed for "just cause". What is considered as just cause? Also, what constitutes a "member in good standing"?

A If not clarified in the governing documents, the board should adopt a policy. Here are a few situations that could lead there:

1. Guilt of any criminal action involving the HOA.
2. Guilty of conflict of interest (depending on blatancy).
3. Undermining board actions with the membership.

4. Failing to attend meetings.
5. Carrying out a hidden agenda.
6. Disruptive demeanor at meetings.

A member in good standing is one whose balance with the HOA is current or, at least, not delinquent for a long time or in a significant amount. You could also include "not in violation of rules, regulations or architectural restrictions" although the severity of the violation needs to be factored in.

Q The committees in our HOA are appointed by the board. Could you provide some information on how they interact with our manager?

A Interaction **varies** according to committee. Committees are authorized to do what the board decides they should do. A Newsletter Committee, for example, should normally work directly with the manager to produce the newsletter. A draft should be presented to the board for approval and the manager sees that it's printed and distributed. The Budget Committee presents a draft budget to the board for approval. The Landscape Committee typically oversees the landscape contractor and the Pool Committee oversees the pool contractor. As long as everything is going according to plan, the committee can function on its own. If there is a problem, the committee should pass the information on to the manager, the board or both, depending on the severity.

Committees don't make policy. They carry out administrative functions approved by the board and assist the manager in refining their area of focus. In other words, since the HOA can't afford to have the manager do daily inspections, a vigilant committee of volunteers can assist in more regular oversight and advise the manager when action is needed as in the case of the landscape contractor.

The board should be sure each committee has a clear job description with limits of authority defined. The manager should understand that committees are advisory only. If there is an issue that needs approval, the manager should take it to the board or board president. 🗳️

The Status Woe

A family reunion gathered for the holidays. After the usual hugs and kisses, many migrated to the traditional gathering place, the kitchen, to supervise the great feast preparations. The hostess began the ritual of preparing a ham. After scoring and festooning it with cloves, she proceeded to cut about 2" off the short end and placed it in a cast iron skillet. One of the younger ones thought this curious and asked why she cut off the end? She replied, "That's the way mom used to do it, right mom?" Her mom nodded. "Then why do *you* do that?" the young one persisted. "My mother taught me to do it that way, right Mother?" The matriarch nodded. "I did it because my skillet was too small."

There is a tendency for traditions and habits to take hold and be repeated without question. This is often the case with homeowner association boards. Rules are enacted with good intent. Budgets are squeezed with the idea that less is better. The board self manages the HOA believing money is saved. These traditions are passed on and eventually become the way things are done. Like a barge, trying to change direction gets to be very difficult. Tradition becomes the status quo.

However, many such traditions work to the detriment of the HOA's basic purpose, to preserve property values and enhance livability. The governing documents charge the board with directing HOA business. This does not mean the board is expected to do the work of a professional manager. It means, the board is elected to hire competent professionals like managers, landscapers, attorneys, reserve study providers, CPAs etc. to provide needed services. Further, board members are not trained in property management, are unpaid volunteers and have a conflict of interest. Drilling further down on these point:

A. Untrained. HOA management is one of the most complex forms of real estate management there is. Besides the financial, maintenance and administrative duties, there is an intense relational aspect. Members are not renters that can be evicted for

violations or non-payment. They are stakeholders of equal standing with the board members. Handling business with equals is very different than a landlord-tenant relationship. It takes tact, diplomacy and patience. Good diplomats are rare even in the non-HOA world.

B. Unpaid Volunteers. Board member volunteers are prohibited from collecting compensation for board duties. And developers commonly under-estimate the HOA budget to keep the fee structure low to encourage sales. This means the cost of professional management is often left out of the fee structure forcing the board to either self-manage or face the politics of raising the fees to cover the cost. When faced with the options, many boards go the self management route thinking it is expected of them, not that difficult or too expensive to do otherwise.

Regenesi.s.net

The world's best information resource for condominium and homeowner associations. Includes Ask the HOA Expert™. Unlock the vault of knowledge for pennies a day.

Subscribe Today!

Think about the "too expensive" argument. For an average size HOA, professional management costs \$15-25 per door (industry terminology) depending on the scope of management. So for a 50 unit condo, this means \$750-\$1250/month to have a professional manager handle the finances, maintenance, rules enforcement, meeting coordination, communications, emergency response and many other tasks. Non-board members wail that \$750-\$1250 is a lot of money. The key to this wailing is that it comes from folks that aren't doing any of the work. At \$15-\$25/door, the cost of professional management is a bargain. Why would a board member take on a complicated and unpaid job on behalf of the other members to save himself \$15-\$25/month?

C. Conflict of Interest. Staying neutral on rules enforcement and

collections is extremely difficult for board members. Dealing with an offender can easily sway good judgment depending on whether it is a friend or enemy. Living next door to the offender makes it even more difficult since face to face meetings are likely and most people like to avoid confrontation.

From time to time, even board members can get crosswise with the HOA. It is at these times, board members need to be extra careful not to expect special treatment like having fines or late fees waived, exceptions made for parking, etc. Because of their privileged position, board members should be particularly careful to live by the same standards expected of other members. This includes recusing themselves from board votes that benefit themselves.

When boards self manage, they inevitably run up against two basic reasons that they shouldn't: (1) No board member should have to enforce rules on their neighbor and, (2) No board member should have to enforce collections on their neighbor. No matter how congenial an HOA is, at one point or another, some member will get crosswise with HOA rules or money owed to the HOA. At this point, self managing boards struggle with effect enforcement or, worse, engage in selective enforcement. There be dragons there.

The Rules. Rules are like locks...they only keep your friends out. So rule breakers tend to be folks that don't like rules. Lists of rules tend to grow like federal regulations. But more is not better. We are buried in rules. People generally understand what they need to do to get along with their neighbors. Adding a list of Thou Shalt Not Rules is redundant and insulting. Besides, those that break rules usually could care less about the rules. So, if your HOA has a long list of rules that are basically common sense, general knowledge or enforced by the police, consider culling them down to essential rules that do not fit this definition. And for the rules you must have, make sure to have a reasonable penalty and appeal process. Rules without consequences are worthless. Rules without an appeal provision are draconian and bound to be challenged successfully.

Open Meetings. Does your board meet in secret or by email or telephone, thereby shutting off scrutiny by general members? Members are entitled to know what the board is up to so board meetings, with a few exceptions, should be noticed in advance and open to the members. That means the meetings are held in guest friendly locations. Exceptions to the open meeting rule include highly sensitive issues like contract negotiations, discussion about litigation, personnel and collection issues. Adopting an open meeting philosophy rewards the board with improved credibility. If the board has nothing to hide, all is well with most members and few will actually attend the meeting. Keeping meetings secret or inaccessible encourages mistrust. If your board is guilty, change to open meetings immediately.

Dated Architectural Design. Architectural design rules are intended to maintain quality construction, materials and aesthetic look that underscore value, livability and highest home resale values. But what was red hot in the 1980s is not in the 21st Century. Tastes change. Failure to keep pace reduces buyer appeal and lowers resale prices. So, periodically, design criteria needs to be reexamined with a critical and professional eye including:

A. Paint. Paint color tastes change about every 5-10 years. Get input from area paint supplier color consultants for the latest and hottest colors. The service is free. Lean toward lighter colors since they are more durable.

B. Roofing. Consider new roofing alternatives and colors. For example, modern composite asphalt shingles come in many colors, designs and useful lives. They weather well at an affordable price. Lean toward lighter colors which reflect sun and heat that shorten the useful life. There are other roofing types like metal and clay tiles that are well suited to different climates and settings. Wood shingles, while attractive, are maintenance intensive and subject to fire and pest damage (In other words, phase them out).

C. Siding. Wood composite siding produced primarily by Georgia Pacific,

Louisiana Pacific and Masonite proved to be disastrous in wet climates since they delaminated, absorbed water and rotted. Architectural wood laminate panels also experience short term failure in wet climates. High quality cedar siding and T-111 plywood siding hold up well when properly maintained with high quality paint or stain. The darling of the siding industry, however, is cementitious siding (like James Hardie brand) which is composed of Portland cement, sand and wood fibers as binders. It is fire and pest proof and holds paint well. Vinyl siding sounds appealing since it does not require paint but has proven problematic since it sun-fades and doesn't protect against water intrusion as well as other sidings. Finally, rainscreen systems provide a spacing between the siding and building so that moisture that intrudes has a way to drain away. Bottom line, siding has experienced many innovations in the last 20 years that should be seriously considered as the new architectural standard.

D. Decking. Recycled decking products continue to evolve and improve. While originally touted as "lifetime" products, experience so far indicates they are about as durable as high quality redwood or cedar and do not have the load bearing strength of wood. Still, recycled decking is worth considering from a green perspective and particularly if a long warranty comes with the product.

E. Lighting. Lighting has changed considerably from the 1990s with the advent of compact fluorescent bulbs and LED (Light Emitting Diode) lighting. These alternatives produce comparable or better lighting to incandescent, longer useful life and substantially reduce energy consumption.

F. Landscaping. In the 1970s, lawn was king, the more the better. But with lifestyle changes, increased cost of land/water and landscaping alternatives, the focus has been on drought tolerant pest resistant landscapes that use native species and less groomed lawns. This can substantially reduce an HOA's landscape costs over time.

In the final analysis, is your HOA stuck

in time and living a status "woe" that stagnates discussion, community harmony and home values? Consider the cost and make the move to modernize. Say "whoa" to the woe. 🌱

Regenesi.s.net
Planning Tools
Subscribe Today!

Delegation Celebration

As a board or committee member, have you ever caught yourself resenting the work you do for the homeowner association? Why not consider delegating some of it and spreading the joy around? Or are you a victim of your own thinking? Do any of these apply to you?

- I can do it better myself.
- Others won't do it right.
- No one is qualified but me.
- I have the time.
- Everyone else has enough to do.
- It's faster to do it myself.

At the core of many of these excuses is mistrust of others. While it's true that you may be able and qualified to get the job done, getting others involved makes the outcome radically different than the mere act of completion. HOA business is not just a series of jobs to finish, it is creating and sustaining an *integrated community*. Integration requires others to participate. An HOA of one just won't cut it.

Delegation is more than passing work on. There must be a screening process in place to ensure that tasks are worthy of doing at all. Here's how to pare down the list and encourage others to step forward:

- ☛ Not all tasks are necessary or important. Delete those that aren't both.
- ☛ Don't accept requests from members that require extensive research. If a someone has a bright idea, encourage them to research it and present it to the board for consideration.
- ☛ Pay a copy shop to print, collate, fold, stamp and label HOA newsletters.
- ☛ Hire a bookkeeper to keep the books
- ☛ Assign tasks based on expertise. In

every HOA, there are some that excel in landscaping, maintenance, accounting, social events and other HOA tasks. Most people are thrilled to share something they have a passion for. If you don't know who they are, ask around.

- ☛ Hire a management company. If your HOA is self managed, ask yourself why you are performing many hours of free work for the rest? Boards are elected to *supervise competent people* not to do the actual work. Expertise costs money but when the cost is spread out is affordable.

- ☛ Offer education. Paying for training in HOA matters will encourage volunteers. It is an allowable perk.

- ☛ Recognize volunteers for effort, even if their work isn't perfect. Positive recognition improves performance.

- ☛ Delegate authority. Other than major decisions, authorize the delegate to make all others. That promotes trust.

- ☛ Once delegated, let them do it. Resist micro-managing and nitpicking. Another trust builder.

When delegating tasks, communicate clearly what needs to be done, the time frame and what degree of detail is needed. If you need a only rough estimate, say so. If you need a detailed proposal, say so. Delegate the objective, not the procedure. For larger projects, ask for progress reports on specific dates. Many people work best with deadlines.

Delegation is not abdication. The Board is responsible to see the task is performed properly. That means staying informed and checking the work when completed. Harvesting the fruits of delegation is a liberating experience. The more trust is put in others, the more others yearn to earn that trust. 🌱

Regenesis.net
Checklists
Subscribe Today!

Reasons for Reserves

Homeowner association boards are tasked to plan for common element repairs and maintenance and to raise

The Regenesis Report

the money to get the jobs done. The part of that responsibility that deals with long range planning to get cyclical events like painting, roofing, fencing, etc. done is called a "reserve study". The money needed to pay for those events is called "reserves" since the board should be collecting and setting aside money in reserve as years go by so it will be there when needed. The reasons for reserves are many but the reasons and motivations vary depending on whether you are an HOA manager, board member or resident.

There are a number of reasons why reserves should exist:

To Protect and Enhance. This cut-to-the-chase principle is adequately funding reserves protects and enhances the commonly held assets and enhances the investment that each owner has made. Reserving money makes sure that funds are available to replace worn out components on a timely basis while avoiding the need for special assessments.

Fairness. The most fair and equitable means to fund reserves is by making sure that everyone is contributing their fair share over the period that they benefit from these commonly-owned assets. A properly done professional reserve study determines what that "fair share" should be.

Sound Financial Planning. As a practical matter, the funding for the eventual replacement of the commonly-owned components should be included in the annual budget. If it is not, then a large and vital part of the budget is not being addressed. If reserve funding is not properly planned, then special assessments will be necessary when the funding is needed.

Fiduciary Duty. A fiduciary is someone that is responsible for holding, maintaining or investing assets on behalf of others. HOA board members have the same fiduciary responsibility to their "stockholders" (members) as does any corporation director. As such, there is fiduciary duty to operate the corporation using the Business Judgment Rule standard which is "did the directors exercise their duties with the judgment of a prudent business person?" When considering reserves, ignoring or under funding a critical part

of the budget will not meet the standard of good business judgment and board members may be held financially liable for their failure to act.

Contractual Duty. Homeowner association managers have contractual responsibility to advise assist their clients about how to properly manage business. Budgeting and planning represent an important aspect of this responsibility. Therefore, a manager failing in this charge is breaching a contractual responsibility. In fact, several lawsuits have already arisen from this issue.

Statutory Duty. A growing number of states have passed legislation requiring homeowner associations to do Reserve Studies including Virginia, Ohio, Illinois, California, Florida, Hawaii, Nevada, Oregon, Washington and others. And since HOAs are now the "development model" preferred by most municipalities, we are sure to see more states develop legislation addressing the issue of reserve planning and funding.

Given the logic and responsibility of the homeowner association to adequately fund reserves, it's difficult to ignore the need. If you don't adequately fund the reserves, future owners end up paying more than their fair share. *By Peter B. Miller* 🌱

Regenesis.net
Newsletter Basics
Subscribe Today!

Lessons from Lincoln

In a scene from the movie Lincoln, Mary Todd Lincoln tells her husband: "No one is loved as much as you by the people. Don't waste that power." While the movie focuses on the passing of the 13th Amendment abolishing slavery, it also gives a lot of insight to Lincoln's strong leadership skills - those things that have made him so admired.

While you may not be leading revolutionary change in the country, here are four leadership lessons from our 16th president on how to lead

December 2022

revolutionary change at your business.

1. Say NO to “Yes Men”. At a time in history when the United States was at war with itself, Lincoln surprisingly chose to fill his cabinet with a team of his rivals. These were men he considered to be the best and brightest minds in the country. And they were unafraid to challenge Lincoln and assert their opposition. A self-confident man, Lincoln welcomed strong opinions as it provoked thoughtful debate as well as inner reflection. It proved to be an important tactic during his presidency.

Rick Lepsinger of OnPoint Consulting agrees: "Don't hire in your own image," he says. "Get comfortable with conflict and learn how to manage differences productively." He suggests that leaders not allow conflicts to fester, but bring them to the surface as soon as possible. He also recommends avoiding the overuse of compromise, looking instead for common ground and alternatives.

2. Be decisive. While it's helpful to get more than one opinion, strong leaders know when and how to make decisions. Cabinet members could have argued forever, but Lincoln had the ability to know when he had all of the information he needed. Walking away to seek solitude, he was able to determine the best solution and make a decision without wavering. Good leaders clarify their decision criteria, says Lepsinger, identifying musts and wants, and using that as a guide to compare options. "Assess the risk of each option as well as the benefits," he says. "These practices will increase confidence that you've selected the alternative that is the best balance of risk and reward."

3. Look for inspiration in unlikely places. As a member of Congress, Lincoln studied mathematics to gain wisdom in reasoning. In the movie, Lincoln shares some of this wisdom with two young clerks at the telegraph office: "Euclid's first common notion is this: 'Things which are equal to the same thing are equal to each other.'" Lepsinger says leaders are continuous learners and look outside their industry for ideas and innovation.

4. Connect with people on a personal level. We know "Honest Abe" was fair, but Lincoln was also known for his jokes and storytelling. It's how he broke the ice and blazed a trail to common ground. Lincoln also made himself accessible. As President of the United States, he kept regular office hours and citizens were allowed to see him. "It's not how smart you are - strong personal relationships and high levels of trust are the foundation of effective leadership," says Lepsinger. "[Good leaders] demonstrate empathy, take an interest in others and find out details about them."

Lincoln's leadership style has survived the test of time because it is built on hard experience and fueled by passion for what is good and right. 🌟

Regenesiis.net
Resource Links
Subscribe Today!

Blessings in Disguise

I stood helplessly next to a huge flatbed rental truck. I had just moved to a new city and had come to collect my household goods from the moving company warehouse. Everything my family owned was in two plywood boxes measuring 4' x 8' x 8' but weighing a hefty two tons.

The forklift operator did his job quickly and set them on the truck. It was Quittin' Time on a Friday night and the operator soon vanished leaving me in a vacant parking lot to finish the job. Before I could leave, I needed to secure the cargo.

I wasn't in the best frame of mind. My family life was a mess, I was unemployed and in a strange place. It was cold, felt abandoned and alone. I looked at the small nylon rope I brought to secure the load and it soon became clear it was a two man job and the rope was woefully inadequate for the job. Dusk became twilight as I struggled in a fruitless effort. Finally, my frustration turned to despair. NOTHING was working in my life, and this was just

one more example.

"That rope ain't gonna work", a voice spoke from darkness. I turned around as a middle aged man walked up with a couple of coiled heavy duty tie down straps. "Why don't you try these?"

The man's look radiated friendliness and compassion, something I hadn't seen in a good long while. "Here, I'll give you hand" he said. Within five minutes, he had secured the load. The man turned to leave and I called after him, "Hey, what's your name? Where do you live? Where should I return the straps?"

"Name's Carl and I gotta get back to my rig and get pointed south. Got to make Redmond by midnight. Don't worry about the straps. I've got plenty. Give'em to someone that needs them." With that, he turned and walked away.

An incredible sense of relief and well being swept over me. I had come to expect the worst from life. So Carl took me totally by surprise. He apparently wasn't aware of my expectations and bulled right past them.

There are moments like these in everyone's life, inexplicable blessings that present themselves out of the blue. These events are no more random than the very beginnings of the universe. They show the folly of believing in the survival of the fittest. Selfless acts are the glue that binds us one to another and makes us different from all other species. Carl understood this and put it into practice. You can do the same. Where ever you are Carl, thanks for showing the way. 🌟

**Merry
Christmas
to
each
and
every
one**