



The RegenesiS Report



National Edition

Innovative Homeowner Association Management Strategies

Priceless

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

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

The RegenesiS 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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The RegenesiS Report

Rental Restriction Policy

Restricting the number of rentals in a homeowner associations is often desirable to protect mortgage financing options. When the number of rentals exceeds about one third of the total, some lenders restrict lending because the character of the property changes from owner occupied to investment property. Investment property loans are higher risk and investors are historically less willing to invest money in maintenance and repairs. This jeopardizes a lender's collateral and increases the odds of loan default. Federal Housing Administration (FHA) loans for condominiums currently have a 50% rental restriction level.

When contemplating a rental restriction policy, closely examine the HOA's governing documents for existing restrictions. Generally, one of the following applies:

No Rental Restrictions. If the governing documents contain no rental restrictions, then owners have the right to rent their property. To change this, an amendment to the governing documents is required that either imposes rental restrictions or allows the board to make rental restriction rules or regulations.

Minimum Rental Period. It is common to find language in the governing documents like "Rentals of less than 30 days are prohibited." This restriction is intended to prevent short term rentals like AirBnb except at resort locations. To expand that authority, an amendment to the governing documents is the required.

Rental Restrictions. There may be specific restrictions in the governing documents allowing the board to make reasonable rules and regulations regarding rental issues.

Dealing with renters. The HOA has no authority to either enforce rules or to levy fines directly on tenants. This is the responsibility of the landlord owner. But levying fines against nonresident owners for violations of their tenants doesn't quickly remedy a problem. For this reason, the board should have a rental policy that states:

1. Violations by the tenant of the governing

documents or rules is a breach of the Owner's rental agreement. This requirement would allow the Owner to pass along fines or evict a tenant if appropriate.

2. Owners are required to take corrective action against a tenant, up to and including eviction, in case of a violation.

3. Owners are required to provide their tenants the homeowner association governing documents and rules as a condition of renting. The statement "Tenant has received copies of, read, understood and will comply with the HOA's rules and regulations" must be included in the Rental Agreement.

Since restricting or prohibiting rentals affects an owner's fundamental property rights, a Rental Restriction Policy should be enacted only as an amendment to the governing documents. The board cannot do this on its own. Such a proposed policy should be reviewed by an attorney specializing in homeowner association law.

If there are a large percentage of rentals in a homeowner association, getting landlord owners to approve a Rental Restriction Policy will be next to impossible. If that is the case, the board should be consistent in enforcing rules on both owner and renter residents.

Sample Rental Restriction Policies are available to Gold Subscribers of www.RegenesiS.net

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January 2023

Ask the HOA Expert

Q We are updating the member directory for the first time in years. The board intends to print and mail to members and post it on the HOA's website. Our last member directory included the names of members' children. What do you think?

A Actually, nobody should be included in a member directory without their written permission. Children could be included but the parents should give written permission.

Q Our board makes rules "on the fly" and we don't know about them until someone violates them. Some seem arbitrary and capricious. We never know when to expect the latest.

A You have the right to know what the rules are. The board does not have the authority to make rules on the fly. If they are not formally enacted rules, you can ignore them as you can't adhere to what you know nothing about. Inform the board in writing to that effect.

Rules need to be reasonable, necessary and in keeping with the governing documents. And the board needs to follow an orderly process for enacting any rule. All rules should include preview and input from all owners. While owner review is not mandatory, it's well advised to prevent owner resistance that is bound to happen when they are not included in the process. The board that does not follow these guidelines is buying into trouble.

Q Recently, our HOA was cited for using the elevator equipment and electricity meter rooms for personal storage lockers. A suggestion was made to relocate locker spaces to the second and third floors consistent with the area available to those on the first floor. Since there are the same number of units on each floor, all owners would have the same storage space. Our by-laws say that each member owner will receive one storage locker but does specify size or location. Does a board

have the right to relocate locker spaces?

A As long as the proposed space is common and available for this purpose, the board has the authority to make the change. Storage lockers constructed of chainlink fencing are relatively inexpensive to install and afford a reasonable measure of security.

Q I have requested financial statements from the board but my requests are ignored. I'm planning to withhold my HOA fees until I get them.

A Members are entitled to review the finances. So, the board should produce and distribute regular financial statements to all members for review or offer to make them available upon request. Those financial statements should reflect how money has been spent in a clear fashion together with additional notes if there are unexplained, unusual or larger than normal expenses. Also, you have the right as a member of the HOA to examine all financial records.

You should not withhold your fees just because you have unanswered questions. This tactic could be used by any owner for any reason, good or bad, and compromise the HOA's ability to pay its bills. But continue to press for the information you are entitled to. If the board continues to obstruct, it's time to elect others to the board that understand how business should be run. Sounds like you might be a good candidate. 🌟

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Identifying Specialists

Would you let a family physician perform your open-heart surgery? Every industry has generalists and specialists. A generalist is one who has a variety of knowledge but not extensive knowledge in one area. Individuals or companies can work

with homeowner associations (HOAs), but does that make them an expert?

Specialists are people or companies which have broad and detailed understanding on specific subject matter. Specialists often have earned credentials or a license in their area of expertise. They look at multiple perspectives and determine the best solution. Guidance from specialists can support an opinion or argument and may result in a favorable financial or economic outcome. With a specialist involved, there's an advocate in the HOA's corner to help guide the process and speak to discrepancies.

What qualifies a specialist?

Authority. A go-to-source for perspective or an opinion on a specific subject.

Advocate. Demonstrates a commitment to a client and makes recommendations in the client's best interest.

Researcher. Investigates and shares unique insights through research.

Practitioner. Actively builds knowledge in a specific discipline.

Graduate. Has completed training in a specific subject area.

Who Can HOAs Rely On?

Consultants. When HOAs are faced with large scale construction projects, hiring the best consultant will help hold contractors accountable and ensure the work is done properly. Sometimes a consultant's fee will pay for itself with one corrected mistake.

Attorneys. Attorneys help protect HOAs from a variety of legal issues. With the complexity of HOA law, it is important for HOAs to hire an attorney who specializes in this area.

Accountants. Accounting professionals can uncover financial errors and sometimes reveal improper use of funds, saving the client money and anguish. Accountants specializing in HOAs know tax laws and rules.

Reserve Study Specialists. These professionals provide an essential planning tool for funding and scheduling maintenance, repair and renovation of common elements.

Service Providers. HOAs need different consultants and vendors to do maintenance, repairs and renovations. There will be more successful outcomes if they are hired based on their expertise.

Insurance Agents. These licensed experts provide advice on coverages to protect clients in times of unexpected loss. Without proper coverage, an HOA could lose thousands or millions of dollars. Insurance coverage is about ensuring the policy is set up correctly. The agent must be present in the event of a claim and advocate for the HOA during the claims process.

Sometimes specialists charge considerable fees for their services. However, an expert opinion may be worth the price. A specialist could save a client financial, physical, or emotional distress. There are many avoidable horror stories. It's important for the HOA board to use experts for the best outcomes.

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HOA Design Standards

In urban settings, homeowner associations have become a dominant form of construction. While HOA homeowners carry many rights and privileges, they often concede certain freedoms enjoyed in more traditional home ownership. One particular area of concession involves remodeling,

To control the look and feel of the community, many HOAs have material, color and design standards which must be adhered to. In common wall communities, structural integrity demands that changes made by one unit do not jeopardize the viability of the building. For these reasons, it is important for the board to keep the

owners informed and reminded of material standards and violations. Here are a number of guidelines which can be included in a Design Policy as appropriate:

1. For aesthetic only projects (like painting, no structural or utility work involved), submit to the board for written approval prior to commencement of work a description of the work to be performed, who will do it and the anticipated schedule.

2. For more involved projects (includes structural, plumbing, electrical work, etc.) submit architectural plans, copy of permits and signed contractor agreements to the board for written approval which must be received prior to commencing work. If warranted, the board can seek the review and approval of an architect or engineer with related costs to be paid by owner.

3. If view is a consideration in your HOA, require disclosure of proposed structure height and whether removal of trees is involved for view purposes.

4. All power tool operation must be accomplished either in the unit or off property unless authorized by the board in writing and provided there is no unreasonable objection from the neighbors.

5. Contractors are permitted to work only from 9:00 a.m. to 5:00 p.m. Monday through Saturdays.

6. All demolition and construction material shall be disposed of off property, not in HOA dumpsters.

7. Contractor shall clean up any affected common area daily.

8. Owner will provide adequate parking for contractor. Contractor should not use guest parking or block fire lanes.

9. Common utility (electrical, water, gas, etc.) interruption must be approved and coordinated by the board.

10. If landscaping renovation is proposed and the HOA has a landscape standard, a comprehensive plan should be submitted showing proposed

changes.

11. Establish specific standards (brand, model, color) for paint color, roofing material, storm doors, screen doors, awnings and other common add-ons.

Since the desire to remodel can happen anytime the spirit moves the remodeler, the board needs to be proactive in keeping owners informed of expectations. Publish the Design Policy on the HOA website and reference it in all newsletters and periodic email updates. Since remodeling will happen, make sure you do all possible to direct a model outcome.

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Art of Recruitment

A common homeowner association board question is: "How do we get better participation from our members with board and committee work?" Many HOAs experience a large degree of apathy from the membership when it comes to them volunteering. On the one hand, one of the reasons people buy into HOAs is to reduce personal responsibility, like for exterior maintenance. On the other hand, there are many willing and talented members that could and would participate if given the right set of circumstances.

There is an art to recruiting volunteers. Posting a notice is not the right approach. You must woo them on many levels and over time. Here are a couple of proven methods:

Communicate Regularly. A frequent complaint of members is not being kept informed. To draw out volunteers, it's critical that they know there is an ongoing need. Also, some members develop a suspicious nature about board motives when kept in the dark and use it as an excuse not to be involved. Let them know what you're up to early and often! Repeated pleas for help will have their effect. A newsletter and flyer distribution box

(the kind used by real estate agents) is an inexpensive and convenient way to get the word out.

Give Credit Where Credit is Due.

People love recognition. Make sure that directors, committee members and other volunteers are given formal recognition for their efforts by way of meetings, minutes and newsletters. Use every opportunity where there is an audience. Be specific in your praise. For example, point out members that show superior landscaping abilities. (They are obvious candidates for the Landscape Committee). Award Certificates of Achievement at the annual meeting. Remember to recognize faithful volunteers doing more mundane day to day tasks like light bulb replacement or trash pick up. It is a wise board that makes a point of recognizing mere effort for its own merits.

Socialize the Membership. People tend to want to help those that they know personally. However, many are shy and don't make friends easily. The HOA can promote several social events annually to facilitate the process. Consider a spring clean-up party, pool party or just plain potluck. It will help create "community" and break down barriers.

Assign Real Jobs to Do. It's been said, "A committee takes minutes and wastes hours." There is nothing more frustrating than a job with no job description or substance. There is real work to do at each homeowner association. Directors and committee members should have clear "marching orders" detailing exactly what the objectives are, the time frame and the money available to help get the task done.

Be an Encourager. It is incumbent on the board to take the lead in cultivating volunteers. The successful leader motivates by persuasion and not authority. Remember, "A servant does not lower himself but elevates others."

The Ask. This is a little used technique. Many folks don't think they're needed or talented enough. A personal request can go a long way in

getting these folks to step up. Something as simple as, "You know, you would be really good at (fill in the blank)." You will be surprised how many will respond with "yes".

Respect Their Time. Part of what keeps volunteers away is fear of over commitment. The board should be very sensitive to time demands on volunteers. Board meetings should be few and goal focused. Limit meetings to two hours. With proper scheduling and timed agendas, HOA business can get done with a minimum of time and fuss. When wooing volunteers, make sure to explain the time requirements for the job. The properly managed HOA should demand hours, not days or weeks of volunteer time each year.

Demystify the Job. While having special training or talent can be a bonus to a board or committee position, it isn't required. Encourage those that simply want to serve because they have the time and interest.

Aim High. Look for ways to pique interest of high achievers. If you aim too low, folks don't think you need them. Identify several projects that take real thought, planning and work but demonstrate visible results. Assign those special projects to members that like to "gitter done".

365 Recruiting. The month prior to the Annual Meeting is not the only time to look for board candidates and volunteers. New members often have an interest in getting plugged in and are ripe for the picking at move in. Whenever a special project or event materializes, look outside the board for someone to do it.

One Trick Pony. Provide options for "one project" volunteers. Some folks like the idea of a short term commitment to get one thing done. One project volunteers are the training ground for long term volunteers.

Getting the ball rolling to increase participation is one of the most rewarding efforts a board can achieve. In a motivated homeowner association, a synergy develops with a result that far exceeds the sum of the parts. Use

volunteer art to fill this void. 🏡

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Pause Between Notes

Opinions come naturally to us. Wisdom does not. Opinions are common. Wisdom is not. We can form an opinion quickly, but wisdom takes time to develop.

Given such clear-cut differences, it seems ironic that opinions should so often be mistaken for wisdom. Perhaps part of the reason is that as information increases, it overwhelms us. Making use of the information we need to form sound thinking takes time—time we often don't seem to have. The frantic pace of our lives therefore encourages us to elevate the value of opinions.

Time and information have become our enemies. Without the time to think about the onslaught of information that is paraded before us each day, we have become, by and large, what social psychologists call *cognitive misers*, preferring emotional reactions and one-dimensional opinions to considered examination. While these mental shortcuts can help us reduce our complex world to something more manageable, they can also result in critical errors in thought and behavior. The consequences can be monumental, both for individuals and in the collective lives of organizations, communities and nations.

The pressure of this challenging situation has created a society that encourages decisive and sometimes dismissive thinking; a society drawn to sound bites, summaries, and the plausible opinions of others. But information needs context—the context that only critical, reflective thinking can bring.

The persistent nature of this problem is suggested by a comment attributed to U.S. President Calvin Coolidge: "Some people are suffering from lack of work,

some from lack of water, many more from lack of wisdom.” James Howell, a 17th-century writer, put it even more simply: “Some are wise, and some are otherwise.”

Most people would agree that we need more wisdom, but as already noted, it does not come naturally to us. If it did, we would all have it. So how do we gain wisdom? The answer will help us better define this elusive quality.

Opening the loop. We might think that with adulthood would come wisdom, but this is not automatic. When people are not trained to think or encouraged to grow up, it isn’t uncommon for them to get stuck somewhere between childhood and adulthood, functioning as adults yet holding on to the childish belief that the world revolves around them. With adulthood should come the understanding that the world is not how we first imagined it. Specifically, it is not about us. Chronically self-centered people cannot be wise; their outlook is too narrow. Selfish people are closed-looped in their thinking, and closed-loop thinking perpetuates immaturity, often leading to frustration, shallowness and misplaced anger. The selfish let in little that would conflict with their view of the world. Lacking the perspective that an outward-looking person possesses, they can’t perceive reality. The selfish see life and situations only as they affect themselves. Thus their actions and thinking tend to be unreasonable—and short on wisdom.

Isn’t it time we all deepened our perspectives and brought some form of balance into our lives? We must rescue ourselves from superficiality and the automatic thinking that blindly guides us. Adulthood is about growing up and looking at things differently. It is only with the expanding perspective that maturity brings that we can begin to develop wisdom.

Wisdom in the balance. Sometimes we confuse not only opinions but intelligence for wisdom. It’s easy to assume that abundant knowledge results in wisdom. But wisdom is not knowledge. Yale University professor

Robert Sternberg suggests in *Why Smart People Can Be So Stupid* that foolishness (defined as the opposite of wisdom) “often results from knowledge acquisition gone awry or poorly utilized.” He suggests that foolishness is the result of a lack of balance in our thinking. Wisdom requires that we balance “intrapersonal, interpersonal, and extrapersonal interests of the short and long term. . . . Foolishness always involves interests going out of balance.” While this formula can be easily stated, it requires time and practice to make it a part of our thinking.

As German novelist Hermann Hesse said, “Knowledge can be communicated, but not wisdom.” We do not gain wisdom from reading a book. On the other hand, we can begin to develop it from the knowledge gained from careful observation of the lives of others, from critical examination of our own life, and from purposeful meditation. It’s how we connect and employ knowledge that counts. Wisdom is what makes knowledge effective. Without it we cannot benefit from what we know.

Wisdom seeks to know how life works. It can provide us with the moral direction to determine specific actions. It is concerned with consequences. More specifically, it seeks to know what is right. Thus, the means to the end are critical.

It might be stated that the ultimate goal of wisdom is to help us make better choices and, by our example, to encourage others to do the same. This is why understanding consequences is so important. We cannot circumvent cause-and-effect. Sternberg reveals that one reason smart people are sometimes inexplicably stupid is that they think they have overcome the problem of consequences. Cause-and-effect, however, rules our lives, so we would be wise to be guided by it. As American essayist Norman Cousins put it, “Wisdom consists of the anticipation of consequences.”

A word from the wise. How do we use our knowledge to create more than mere opinions? How does our thinking

become wise? This is a problem with moral and ethical implications. With so many counterfeits of wisdom in our culture today, the search for this vital quality becomes even harder.

It might be wise to look at what King Solomon had to say about wisdom. After all, he has been called the wisest man who ever lived. He certainly was a powerful man—not only a king but also a successful entrepreneur, businessman and patron of the arts. He had a trading company with its own network of shipping lines that some speculate was worldwide. In addition, Solomon was a real estate magnate. He undertook the greatest building program his nation had ever seen. He even built an extensive system for bringing water into his thirsty, growing capital, Jerusalem. Under Solomon, money and finance were introduced into society like never before. Israel was obsessed with them. Jerusalem was a thriving cosmopolitan marketplace.

If a man like this were to write a book today, it would be an instant best-seller. Fortunately for us, Solomon did write a book: the book of Ecclesiastes in The Bible. By paraphrasing his words and so summarizing this book, we can put in a nutshell the most important lesson he learned. He wisely began by observing that there is nothing new under the sun. We know from other literature and from history itself that there are recurring themes in life and that only the players change.

Solomon continued with some thoughts on the attainment of wisdom. “I thought that maybe money was everything,” he said. “But money isn’t so great. You spend all your life accumulating money and things, but you’re never satisfied; and when you die, you can’t take it with you. Worst of all, after working all your life, you don’t know whether the person you leave it to will be a fool and squander everything you built—your life’s work down the drain.”

He went on to comment: “You may think climbing the ladder is great, but it’s not so great. There’s always someone above you.”

“So,” he continued, “I tried women. I

tried food. I had all the best entertainment. But these things aren't the best things about life."

He described a world turned upside down, where things made no sense and common sense wasn't so common. Sounds familiar. By the end of the book he revealed, "Finally, I discovered what the best thing about life is."

He then boiled down all of his experience to one thought: "After all my observing, trying, testing and sampling of everything that life has to offer, I learned that the best thing about life is to fear God and keep his commandments."

That's it, simplistic though it might sound. In this world of complex questions, we may not feel we've got the real thing unless the answers are also complex.

Search for Truth. If we could see the end of all things, we would be considered all-knowing and all-wise. This would require, of course, a perspective nothing short of superhuman. In that we are human, such a perspective is something we can only hope to approach, but perspective is the key. Wisdom requires a higher perspective. When life is viewed from a higher perspective, above the self, we can see that wisdom is not in the details. Psychologist William James reminds us that "the art of being wise is the art of knowing what to overlook."

Concert pianist Artur Schnabel was once asked how he was able to handle musical notes so beautifully. "The notes I handle no better than many pianists. But the pauses between the notes—ah, that is where the art resides."

To gain wisdom we must look at the spaces between events. Only then does a meaningful, complete picture emerge. Wisdom is a quality of mind, a way of looking at life. It is to see life both horizontally and vertically. It is equally to see the holes between the threads in the fabric of life. As we look deeper we see that all life is connected to everything else. That, in turn, causes us to take in more, to see more widely.

Wisdom requires that we arrange what we observe and know, and create meaning from it. It embodies the kind of integrative thinking that can successfully guide and direct our lives.

Think about it. Of necessity, this is a process that takes time and thought. Coming to understand how a principle connects to events and the resulting consequences is key. The concern is that knowledge is increasing faster than man is able to think about it. Could we destroy life as we know it before we even realize that it's happening?

Acquiring wisdom is a lengthy process. Wisdom is cumulative and, like trust, is a matter of degrees. It recognizes and magnifies the interconnectedness of everything. The correct connections can be made when they are grounded in a right foundation. By understanding or knowing God, we are able to make the connections that the attainment of wisdom requires. Wisdom is a personal quest that must be based on the right perspective. Knowing where wisdom begins is the first step.

By Michael McKinney

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Manager Issues
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Special Nails

Two carpenters were working on a new home. The one who was nailing down siding would reach into his nail pouch, pull out a nail and either toss it over his shoulder or nail it in.

The other, figuring this was worth looking into, asked, "Why are you throwing those nails away?"

The first explained, "If I pull a nail out of my pouch and it's pointed toward me, I throw it away because it's defective. If it's pointed toward the building, then I nail it in!"

The second carpenter yelled, "You moron! The nails pointed toward you aren't defective! They're for the other side of the building!" 🌟

As I've Grown Older

I'm responsible for what I say, not what you understand.

Common sense is like deodorant. The people who need it the most never use it.

My tolerance for idiots is extremely low these days. I used to have some immunity built up, but obviously there's a new strain out there.

It's not my age that bothers me; it's the side effects.

I make sure I'm nowhere near the curb on garbage collection day.

As I watch this generation try and rewrite our history, I'm sure of one thing: It will be misspelled and have no punctuation.

People think I've become lazy. The truth is I'm just being more energy efficient.

I want to be 18 again and ruin my life differently. I have new ideas.

God promised men that good and obedient wives would be found in all corners of the world. Then he made the earth round and laughed.

I'm on two diets. I wasn't getting enough food on one.

I put my scale in the bathroom corner and that's where the little liar will stay until it apologizes.

Apparently RSVPing to a wedding invitation "Maybe next time" isn't the correct response.

There is no such thing as a grouchy senior. Once you get old, you stop being polite and start being honest. 🌟

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