



The Regenesi Report



National

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.



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Changing of the Guard

Part of the routine of running a homeowner association includes annual election of the board. Usually, some directors step down and others step up to work with the remaining directors whose terms have not yet expired. Staggered terms improve continuity. Seasoned directors bring with them perspective and history that is valuable to decision making. And it eliminates reinventing the wheel on issues that have already been discussed and decided.

But politics are politics. There are occasions when the board resigns en masse or is voted out by angry homeowners. This is usually prompted by a serious disagreement, allegations of fraud or some other malfeasance. Rumors and rumors of rumors abound. The outgoing board members often carry a fair amount of resentment and antagonism with them. "Uncooperative" is a given and some engage in subterfuge trying to stir up discontent among their supporters. There is no joy in Mudville.

At times like these, the new board may be tempted to engage in witch hunting...pinning the blame on somebody for the problems. Witch hunting always finds a witch of some sort and the result is always the same: bad feelings among neighbors. It's at times like these that the wise board should weigh the benefits of continued conflict (none) versus making peace and getting back on track (good choice). Besides, burning witches violates local fire ordinances.

Get the Records. There are some prudent things the new board should get done quickly. If your HOA is self managed, getting the files and records from the outgoing board is a top priority. They are likely scattered between the President, Secretary and Treasurer but they need to be rounded up. The antagonism factor from past directors may interfere with the transfer but press on. The records belong to the HOA and, if necessary, legal consequences should be brought to bear.

Reminding that withholding records only reinforces suspicions of chicanery may also help in shaking them loose.

Perform an Audit. Once records are transferred, an audit by a CPA should be performed. There are a number of benefits to this:

1. Improprieties will be identified and provide a basis for prosecution, or,
2. The accused will be vindicated, which is good for healing wounds.
3. A line in time will be drawn from which the new board can plan. Know where you are to know where you are going.
4. Books are reviewed by an outside, knowledgeable and objective professional.
5. The CPA will recommend improvements to the financial record system.
6. Relieves the new board of past improprieties. Start with a clean slate.

Identify the Mistakes. The previous board fell from grace for good reason but it's important that the new board understand why to avoid the same fate. Some common mistakes include:

- **Bad communication** with the members. Examples include holding closed meetings, failing to distribute meeting minutes or newsletters.
- **Failure to get member feedback** on proposed budgets, special assessments and policies.
- **Selective enforcement** of rules and collection procedures. A big no-no and sure-fire way to create animosity.
- **Domineering attitude.** One of the most infuriating attributes a board can have.

Make a list of where your prior board failed and agree to do differently in the future.

We're One of You. It's a funny thing how

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some members believe the board members come from another planet. Directors are subject to the same budget, fees, special assessments, rules and policies as everyone else. It's important to reiterate that reality when assuming control. It's also healthy for the board to chant that mantra when proposing and enforcing policy and all that that entails. If a rule is good, it applies to all. Message to the Members: We are you.

The King is dead! Long live the King! Now *you're* in charge. As the new guard, you have a golden opportunity to right the unrightable wrongs. Remember why you got to this place and serve with honor. Don't let your guard (or members) down. 🗡️

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Ask The HOA Expert

Q We have been having board discussions at meetings about our HOA pool safety. We have a four foot tall fence with key locked gates. We have rules and consequences if they are not followed. Should the pool be supervised by an HOA lifeguard or pool monitor?

A Unless your HOA is wealthy enough to provide a life guard during pool hours, pool operations are typically "use at your own risk". That said, the homeowner association is responsible to keep the fence, gates and locks in good condition.

When the pool season is over, a safety type cover should be installed. All safety covers must conform to the Standard Performance Specification set by the American Society for Testing and Materials (ASTM), be able to support a certain amount of weight, not permit gaps that a child or pet could squeeze through, and remove standing water. Loop Loc brand covers, for example, are built from extremely strong material and secured tightly to

the deck by heavy-duty springs and anchors. This design prevents children and pets from falling into the pool.

Prohibiting after dark swimming makes sense since it will likely disturb the neighbors and often attracts party goers that may be intoxicated. Minors 14 years old and younger and all guests should be accompanied by an adult resident.

Finally, ask your HOA insurance agent about other suggestions to reduce pool risk. They are usually prepared with a laundry list.

Q Our board has been enacting rules without consulting the members. Some are way off base or totally unnecessary. What can be done about this?

A My basic rule about HOA rules is that they should be few and necessary. Unfortunately, some boards feel when it comes to rules, the more the merrier.

Whenever there is evidence that a rule is needed, polling the members should be the very first step. There are few rules that are so urgent that allowing time for member review and comment couldn't allow a better perspective. The public relation aspect alone justifies the effort.

Some boards make rules to control a few offenders who will never be controlled. Scofflaws eat rules for breakfast so making new ones only feed the beast. Whatever rules that are enacted need to have an ongoing and widespread need.

Q We have had a very hard time getting a quorum at our annual meetings. Regardless, elections are held and directors elected. It seems to me that the elections are illegal if there isn't a legal quorum.

A The reason that quorums are required is so that a few can't control the many without their consent. If the quorum concept is abandoned, the current board can crown itself emperor and wield the scepter of power with impunity.

Kidding aside (*I was kidding!*), gaining legal quorums is often difficult for annual meetings. That is why the concept of "proxy" is a necessary component of HOA annual meetings. A proxy is a person appointed by another person to act on their behalf. Virtually every HOA is allowed to use them for annual owner meetings so that quorum and voting majorities can be attained.

Proxy forms should be distributed along with the official meeting notice with instructions to complete and return them at least a week before the meeting. The proxy giver should have the option to appoint "a director of the board who is not running for election" if no one else is able to attend. The proxy authority can also be designated "for quorum purposes only".

A week before the meeting, the proxy returns should be tallied. If there are not enough to meet the quorum, more can be collected door to door until a quorum is achieved. That way, there will always be a legal meeting. All proxy givers that attend can retrieve their proxy and vote as usual. Either way, the meeting stays legal.

There is a sample Proxy in the Forms section of www.Regenesi.s.net.

Q Our HOA has a resident that often interferes with the landscape contractor. The contractor has threatened to quit due this interference. The resident has been advised in writing to cease and desist but it continues. Suggestions?

A It's not uncommon for certain residents to engage contractors in conversation, usually trying to be sociable or helpful. This is particularly true of landscape contractors. Most landscapers know this and should be instructed not to respond or instruct the resident to "talk to the board".

If this has been done without success, I suggest someone on the board meet with this person and discussed the reasons for his interference. Some of his concerns may be legitimate. If so, address them in writing with the

landscaper and send the owner a copy of the letter. But if the interference is just meddling, other tactics need to be used.

Try one more letter stating that the previous courtesy letter has been ignored so the landscaper will bill for additional time in dealing with him if he continues to slow them down. Add that if the HOA is billed, he will be charged for it. Then, ask the landscaper to monitor the situation and to journal when interference happens. If it does, ask him to submit a bill to the HOA for the time at his normal rate is. Bill the owner. This usually stops the meddling. If not, have the landscaper submit another bill and charge him again. Make sure to enforce collection if it goes unpaid. Some folks can be pretty stubborn but most come around.

Q Our townhomes each have a rear deck. Two adjacent owners submitted a request to add a brick patio in between their two decks. Besides the fact that there is a utility easement (buried cable) where they want to install the bricks, it seems inappropriate to allow this installation since future owners might not be so neighborly. Thoughts?

A This was probably a cost sharing scheme to develop additional patio space for half the cost. There are several approaches to responding to the request. If the expansion area is common area, the board has no authority to permit individual owners using it for private space. Case closed. If the space is limited common area, the utility line easement access would be compromised. Case closed. Your observation about how this would impact future owners of this property is also valid. Case closed.

Q I recently got elected to the board. I was reading the bylaws and it occurred to me that we didn't have a quorum so the election was illegal. I did further research and discovered that we've never had a quorum in the three years that the HOA was turned over from the developer. I'm concerned that since none of the board members were legally elected, their acts have not been

legal either. I believe all the liens, contracts and other approved actions should be redone. Our property manager believes I'm overreacting, stating that most of the annual meetings she coordinates lack a quorum for elections. Am I making too much of this?

A Your concerns about the quorum are valid. While it's true that many owners don't choose to attend the annual meeting, using apathy as the reason to run roughshod over quorum requirements is a lame excuse. The board is responsible for properly noticing the annual meeting.

Your concern about redoing past board actions is unrealistic and opening this Pandora's Box would allow challenge to anything and everything the board has done. While it's possible a member may raise the issue to justify violating some policy or rule, it's unlikely. It's better to let sleeping dogs lie and strictly adhere to proper quorum requirements going forward. 🗑️

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Define Responsibility

Understanding the scope of a homeowner association's insurance coverages is basic to protecting the vital interests of the owners. Do you understand what the HOA's duties are when a fire, windstorm or burst pipe damages the common elements or unit interiors?

Insurance requirements are addressed in the governing documents. The insurance company's duties are based on the wording of the policy. The two documents often contradict. Surprisingly, the insurance policy often pays for the repairs that aren't even the HOA's responsibility. If an owner negligently causes a loss, is it fair that the repairs be done under the HOA's policy?

Traditionally, HOA insurance policies

have fallen into one of three different categories. The narrowest is called "bare walls" and covers little of the owner's fixtures and finishes. Next, and most common, is the broader coverage known as "single entity" which expands coverage to include standard fixtures and finishes provided by the builder. The broadest is referred to as "all-in" or "modified single entity" which includes coverages for owner installed upgrades such as cabinets, light and plumbing fixtures.

Many HOA insurance policies are the "all-in" type which creates a dilemma. While the HOA insurance could cover many owner claims, it's unwise to do so. The HOA's policy is somewhat like an auto policy in that multiple claims may increase future premiums or cause the policy to be cancelled. So, many HOA governing documents require the owners to insure their own interior finishes and fixtures and the HOA insurance only comes into play if there is multiple unit damage due to, say, a fire. This spreads the risk around and keeps the HOA insurance viable.

Since the HOA and owners each have distinct repair and insurance responsibilities, it's very important that those responsibilities be clearly delineated. "Inside=Owner" and "Outside=HOA" won't cut it because there are exceptions. And at some point, "Inside" and "Outside" meet. Where exactly is that dividing line? A way to clarify this is called the "Maintenance & Insurance Areas of Responsibility". It lists grounds and building components like the Roof, Gutters & Downspouts, Plumbing - Interior, Plumbing - Exterior, etc. and assigns responsibility either to Owner or HOA.

The Areas of Responsibility not only eliminates many disputes, it advises both HOA and owners' insurance agents what kind of coverage is necessary. It also helps the board and manager perform consistent maintenance because there is a clear roadmap. This document is one of the building blocks of harmony.

Don't wait for the next insurance "event" to come crashing in. Compose your own "Areas of Responsibility"

and be prepared. *A sample policy is available to Gold Subscribers of www.Regensis.net.* 🗺️

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Annual Meeting Success

Holding successful annual meetings takes thought, creativity, advance planning and funding. Too many scramble to cobble together this important event and, guess what? Few show up and the numbers may even fall short of the quorum requirements. This doesn't need to happen.

Celebrate Your Success. The annual meeting should be a chance to celebrate successes, hand out recognitions, join members in a common cause and become better acquainted with each other. Use this venue to launch new initiatives or announce good news like awards.

Invest in Success. If your annual meeting budget is bare bones, only those with a bone to pick show up. Since the event only happens once a year, splurge a bit. To pull this off properly, some money should be invested. If you don't have a clubhouse large enough to accommodate all the members, obtain the best and closest alternative. Local libraries, churches and community centers often have large meeting rooms that are reasonably priced or free. And if the budget permits, reserve a room at a banquet facility.

Cast Your Bread Upon the Water. While the business of the meeting might be a bit dry, the wrappings do not need to be. Offer food, beverages, door prizes, comfortable seating and a good sound system if it's a large room. If the budget is modest, host a potluck and award prizes for the best entree, salad and dessert.

Lay Out the Welcome Mat. Make the attendees feel welcome and comfortable. Make sure there is

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adequate heat or air conditioning. Plan periodic breaks if the meeting is long. It will allow the participants to socialize and refresh their perspective on the business at hand.

Let Them Eat Cake. Serve food and beverages and announce door prizes *after* the meeting so there is a reason to conclude the business meeting and to encourage attendees to stick around. This is a positive way to end the meeting and leave a good taste in their mouths (literally!).

Casting your annual meeting as the do-not-miss event of the year serves several purposes. You get business done with more members participating and they get to know each other better. This is a terrific way to harmonize your HOA. 🗺️

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Reviving the Rules

It may come as little surprise that some homeowner association boards fail in rule enforcement, especially in self managed HOAs. Let's face it, confrontation with neighbors is not something most people look forward to. So when "Who Let the Dogs Out?" runs rampant in the HOA, some boards turn a blind eye or run for cover. So the dogs run wild. If this failure to enforce goes long enough, a reform group often appears to run for election and make a change.

Once elected, Big Questions arise like "How do we go about enforcing long unenforced rules?" and "How aggressive should we get?" Good questions.

All rules are not created equal so the board should focus on those that degrade curb appeal, market values and livability. In the case of planned communities, for example, a homeowner's failure to maintain roofing, paint, fences and landscaping has a direct impact on the market

values of neighboring properties. So, issues that impact curb appeal and market value should be a high priority.

Livability issues are important as well. Does the HOA have a problem with, say, uncontrolled pets or loud and rowdy residents? While the police are the answer to extreme behaviors, the HOA can control the less extreme through warnings, and if necessary, fines.

To get a handle on the scope of the problem, the board should make a list of violations by type and address and then prioritize by blatancy. While all violations should be addressed, focus attention on the big ones with a goal of getting compliance or compromise on all within a reasonable period of time.

To establish the board's position and intent, a written notification should be sent to all members. What follows is a suggested format which can be adapted to your use:

Dear Nottacare Members,
The board met last week to discuss Nottacare rules compliance. In particular, there has been ongoing issues with parking, pets and architectural design issues.

Prior to the current board taking office, rule enforcement has been inconsistent. The board is charged with and given authority to enforce rules, regulations and policies for the benefit of all Nottacare members. These rules, regulations and policies are designed to enhance livability and help sustain all member home values.

To that end, please be advised that the board will begin regular and consistent enforcement of all rules, regulations and policies effective in thirty days. Written violation notices will be directed to the violator (or landlord if the violation was done by a renter), a description of violation, the corrective action required, the penalty for failure to comply and a right of appeal.

Deadlines for compliance are based on the type of violation. The deadline may be immediate (as in the case of illegal parking) or days (as in the case of

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correcting an Architectural violation). See a copy of the rules, regulations and policies attached for the specifics.

The board appreciates your understanding and attention to this matter. Our goal is to facilitate the best possible living conditions for all Nottacare residents by establishing reasonable standards of conduct and compliance. Your cooperation in this matter is appreciated. Please don't hesitate to direct your written comments and questions to president@nottacare.org. All feedback will be reviewed by and responded to by the board within 30 days. We also invite you to attend the next board meeting next Wednesday at 7 pm in the clubhouse to express your views on this communication.

Sincerely,
Ima Daboss
Board President

Rules in homeowner associations should be few and necessary. When reviving rule enforcement, focus on the ones that truly make a positive impact on value and livability. Treat your members with respect and understanding. Be prepared for compromise if it's in the best interest of the HOA. Let'er rule!🌳

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Prune Tune

Trees are one of a homeowner association's greatest assets. They provide beauty, shade, block wind and stabilize soil movement. One of the most common questions asked of arborists is: "Why does a tree need to be pruned?" There are seven basic reasons to prune trees:

To create a strong branch structure. During the first several years after a tree is planted, it can be easily pruned to correct poor form. Prune to give proper branch spacing and strong attachments. Eliminate double leaders

to create a strong single leader trunk. This approach prevents future problems and trees are less susceptible to storm damage.

To reduce or eliminate hazards. Limbs can unexpectedly fall, damaging property and harming people. Prune to remove deadwood, broken branches or weakly attached branches to reduce hazard potential. Thin large trees like Douglas Fir to reduce wind resistance.

To control growth and size. Prune to keep fast growing trees contained within a certain landscape footprint.

To create aesthetically pleasing landscapes. Pruned trees reveal their unique branch structure, yet retain their natural shape.

To correct improper pruning or storm damage. Create a new canopy and branch structure on a previously topped or storm damaged tree by selective pruning and crown thinning. This may require multiple pruning visits over several years to restore the natural crown shape.

To reduce disease. Remove diseased parts to prevent further infection and improve looks. Reduce disease infection by increasing air circulation and light penetration by thinning branches and foliage.

To enhance fruit production. Prune fruit trees to keep the fruit production at a reachable height.

When it comes to tree, prune is the name of the tune. Do some soon.

*I think that I shall never see
A billboard lovely as a tree.
Perhaps, unless the billboards fall,
I'll never see a tree at all.*
Ogden Nash🌳

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The Rule Game

The issue of rules in homeowner associations is one that can trigger a wide range of responses. While most HOAs require little rule enforcement, there are some that seem rule driven or inhabited by I-eat-rules-for-lunch residents. This combination is a formula for trouble. That said, there are some recommended approaches to effective rules compliance that every HOA should consider. Here are some examples of Good vs. Bad when it comes to rules compliance:

Good: Please contact me to discuss this matter and find a way to reconcile this. I realize the potential of this being a very difficult situation and hope to work with you to find a reasonable answer.

Bad: Please contact me immediately to avoid a \$100 fine.

Good: I realize that you are a new homeowner and that you may not be aware of the rules. For your convenience, I have enclosed a copy.

Bad: I recognize that you are a new homeowner, but you received a copy of the rules when you closed the sale of your unit so you should have known that this is against the rules.

And here are some indicators that your HOA rules are too strict:

1. It's easier to list all of the things that *aren't* against the rules, rather than to list those things that are.
2. Your rules do allow for garage sales but only on the "Community Garage Sale Day" which is the 5th Saturday in every Leap Year.
3. Everyone at Acme Towing knows your first name.
4. The fine schedule is as follows: First Offense = \$10 fine, Second Offense = \$25 fine, Third Offense = 30 days in jail.

5. The HOA's speed limit is exactly the same as your limit on number of dogs per household.
6. A unit sale fails because the potential buyer has a goldfish.
7. Page 243 of your rules states that...well, you get the picture.
8. You have 43 rules related to boat moorage and your HOA is not on the water.
9. Instead of a "due process", the HOA has a "don't process".

Okay, you get the gist. The rules in a homeowner associations should be few and absolutely necessary. Tread respectfully when engaged in enforcement to gain cooperation and respect. A brutal approach results only begets a brutal response.

Jim Comin - The Management Trust 🗝️

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Ask the HOA Expert
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Magic of Listening

There are four major steps to effective listening, and each one requires effort on the listener's part. Review these steps and start practicing, because listening is the best way to show another person you care.

1. Focus on the Speaker. Make a conscious decision to listen. Remember, you can't listen when you're talking, so control your urge to speak.

Don't just act like you're listening; really process what they are saying. Give visual and verbal feedback - make eye contact with the speaker, turn your body toward the speaker and show by your physical behavior that you are listening (such as nodding your head if

you agree).

2. Understand. Try not to judge, and avoid jumping to conclusions - even if they are favorable ones. Listen first, make sure you understand, and *then* evaluate or argue what the speaker has said.

Try to find value in what you're hearing, even if you consider what's being said as foolish. Look for the most important ideas in the speaker's message.

Pay attention to body language as well - the speaker may be saying one thing, but their facial expression could be shouting something lese.

3. Clarity. Ask questions - it shows the speaker that you care about what they said. If you're unclear on something a speaker says, ask for clarification.

Mirror back what was said - restate in your own words the speaker's message. For example, "You said 'forget it' but it sounds like you're angry. Are you?"

4. Remembering. Try to create associations between what the speaker is saying and things that are important to you. Write it down. Take notes, especially when in an important meeting. Jot down ideas that you'll be asked to remember later.

There is magic in listening. Master these listening techniques and you could be the master magician. 🗝️

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The Parking Space

A man was desperately circling the block looking for a parking space. He was late for an important meeting that could make or break his career. In frustration, he cried out, "God, if You

find me a parking spot, I'll mend my wicked ways. I'll stop drinking, I'll stop beating my wife, I'll stop cheating on my taxes, I'll.....wait a minute! There's a spot. Never mind."

How many times have you engaged God in a moment of helplessness or when you-know-what has hit the fan? The expression "There are no atheists in foxholes", came about because, to those facing certain death, God is real and unavoidable. At times when you are powerless to control events that swirl around you, clarity results.

But why reach a point of desperation before seeing what has been there all along? Is it because we actually believe that we control our own destiny? Can we really be "self made" as some men are described? If we can be self made, why do we often turn to "self help" books that are written by other people?

The answer to that question is that self reliant people settle for second best. Instead of taking advantage of a free offer to be all they were created to be, they limit themselves to those things that only a limited mind can imagine. While they desperately look for a parking space, the door to the universe awaits.

God is waiting for you to stop circling the block and take Him up on His offer. Why not drop the fruitless "I can do it myself" attitude and walk through the door to eternity? 🗝️

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New Year!