



# 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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## A Noble Undertaking

You've just been elected to the board of directors. The thought crosses your mind, "What now? What am I up against? Am I going to regret this?" There's a common belief that serving on the board of a homeowner association happens because "no-one-else-will-do-it-and-someone-has-to-and-I'm-the-unlucky-sucker-who-got-stuck". Well, that's one way of looking at it. But in reality, the board has a much higher and noble calling.

**Protector & Defender.** The board is entrusted with the single biggest asset most people have...their home. The board often has direct control over how well maintained that asset is and, subsequently, whether it grows or declines in value. Sound planning and adequate budgeting will prolong the life of the assets. Spend a little to save a lot. Long term maintenance is called reserve planning: Systematically socking money away to pay for future repairs like roofing and painting. In these things, the board has been given an important charge from the owners: Protect my assets today and in the future.

**Peacemaker.** The board has influence over contentious issues like pets, people and parking. Thoughtful policies can help reduce conflicts that happen when folks live in close proximity. By weaving a sense of cooperation, mutual respect and teamwork into those policies, the board can promote harmony rather than a collection of moated castles. Avoid the NO rules: NO pets, NO parking. In its place, preach a philosophy of mutual respect: "To achieve harmony requires mutual respect and caring. Do to your neighbor as you would do for yourself. With your cooperation, this guiding principle will suffice in most cases."

**Steward.** As people hand over care of their assets to the board, there is a reasonable expectation they will handled responsibly. Good stewards take this charge seriously by getting the best value for the money. This means using qualified contractors and tracking costs carefully. It means implementing cost savings programs to stretch dollars. It also means investing reserve funds safely to reduce owner contributions. The good steward

understands the need to spend money, but with forethought and purpose. Spend, but spend wisely.

**Fiduciary.** Someone that is entrusted with someone else's property is called a "fiduciary". Having been given that trust, the board should make all decisions based on the *community's* interest, never self-interest. If there is a conflict, the *community* always wins. This is what being a fiduciary is all about.

**Encourager.** Encouragement of others is a high and worthy endeavor. Encouragement promotes volunteerism and willingness to serve. To encourage, you must communicate and recognize the efforts of those that have stepped forward. Show others how satisfying and effective community service can be. Let others shine!

**Communicator.** Bar none, frequent communications is the most effective way to build harmony. Let folks know how things are going, even if it's bad news. Hard times can be very therapeutic in bringing strangers together to face a common problem. Don't overlook this opportunity.

The board's noble undertaking has everything to do with attitude. Belief that you've been called (and you have) will help guide your decisions and bolster your resolve. There is a lot at stake that requires dedication and compassion. You've stepped forward. Hold your head high and knuckle down. If you respond to the call, you'll do just fine.☀

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## Ask the HOA Expert

**Q** Our condominium is comprised of units which all share at least one common wall. Recently one of our owners proposed that they would like to acquire the unit on the other side of their common wall, put in a couple of doors and double their size. Our governing documents specifically prohibit penetrating the common wall. What are the issues that should be considered on such a proposal?

**A** The common wall restriction is intended to address fire safety and structural integrity. Breaching a fire wall could pose a threat to a neighboring unit. If both units are owned by the same person, the fire safety issue is moot. However, it is possible that some time in the future, the owner might want to sell one unit off. At that time, requiring that the fire wall be restored is essential.

Whenever a common element is affected in this way, it makes sense to have a qualified architect or engineer produce plans and specifications that address structural considerations and fire safety issues. The plan should include appropriate building permits and a requirement that only licensed contractors may perform the work. If the board receives a request with supporting documentation and agrees it's acceptable, there should be an agreement drawn up by an attorney describing the alterations and the requirement that the unit owner accepts all responsibility to mitigate any damage it might cause and to effect all repairs relating to it now and in the future. That document should be made part of the unit's public record for the benefit of future owners and lenders. The unit owner should pay for all legal fees.

**Q** Is it possible to hire a management company to do just certain things for us and the board continues to do others? For example, we have a long time resident who is an accountant who has kept our financial records and would continue to do so. But someday, the board would like to turn all the work over to a management company.

**A** Elected boards were never intended to self manage the HOA and are seldom trained in property management. Unless your governing documents require a vote of the members to approve the budget, the board has the authority to approve hiring a management company.

It is highly recommended that professional HOA management be hired to handle at least the financial aspect which is so critically important. Overseeing repairs and contractors also figure large as does rule enforcement. Management is charged with obtaining competitive pricing on services so can often pay for itself in that way alone. When the big picture is considered, you will be pleasantly surprised how cost effective professional management is.

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**Q** Our governing documents have very clear and strict policies regarding tree cutting and removal. We get requests from time to time asking permission to cut trees. We inspect and sometimes approve the cutting. However, at times we get a request to cut a large tree because of the fear that it will fall on the house. If there is no disease or damage, we usually deny the request.

We now have an attorney/resident who is requesting the cutting of two very tall pines that are about 15' from his house due to the potential liability of the trees

falling. He is stating that the HOA will be liable if the tree falls. Is the HOA exempt from such liability, if the governing documents specifically state that significant trees cannot be cut?

**A** Jousting over legal issues with lawyers is dicey because you are playing in their field and they don't have to hire a lawyer to play. If this is headed for a courtroom showdown, retreat or compromise may be the better part of valor.

But even if this lawyer is not the kind to pull rank or unfair advantage, there are still some valid points in his defense. These particular trees are a bigger than normal fire hazard. Trees in general should be located at least 30 feet from the structure, particularly if they are more flammable like pine trees. It would be prudent to get a licensed arborist to review of the trees in question. If the arborist believes they are a danger, they should be removed. If the arborist says they are safe, go with it and share the report with the owner in question. The board is not responsible for acts of God, only for handling business in a prudent manner. Use experts to your advantage.

**Q** Are there state statutes that prohibit the board from using reserves to fund an operating account deficit?

**A** State laws vary on this topic. Most are silent altogether. The governing documents may or may not have something to say about it. But it usually comes down to common sense. If the HOA has a real reserve fund, only reserve related expenses should be paid for from reserves.

If the HOA runs an operating budget deficit, the board should raise a special assessment to fund the deficit, not rob from reserves. If the reason for the deficit is likely to recur, subsequent year operating budgets need to be increased so it doesn't happen again.

**Q** Our board is having many so called "work sessions". At these sessions many budget and other items are discussed and decided. One board member told me that if they held these discussions at the

regular board meetings, the meeting would last too long. As it stands, the items that have been previously decided are motioned and approved without discussion at the board meeting. It seems to me that they should be discussed only in board meetings so that the members can hear the whole discussion.

**A** It is not uncommon for a budget committee (which may be composed of board members) to meet several times to hash through a draft budget which is later presented at a board meeting for approval. At the board meeting, the draft budget should be presented along with comments about significant changes and additions so the minutes can reflect those changes. In particular, large or unusual line items should be noted for the record. The committee should explain the reasons for the changes. Other items of business should be discussed only a board meeting open to the members with exception of a few topics appropriate for behind-closed-door “executive session” like discussion of litigation with the attorney, contract negotiations and employee issues.

You are correct about the board misusing work sessions to transact business. Remind the board that operating in the open is not only right and required by law but will reduce challenges and questions. Opening meetings sometime take a bit more time but in the long run will actually save of time by gaining member support rather than ire. 🗳️

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### Management Bidding

One of the toughest challenges a homeowner association board of directors can face is the process of bidding the management contract. Some boards feel they have a fiduciary obligation to bid the management contract every year. In reality, the board can fulfil that obligation by working to preserve and extend the

relationship with the current management company. If it isn't broke, don't fix it.

The first thing the board should ask is why go out to bid at all? Is there a service issue with the management company? Is it about price? Is there a clash of personalities with the current manager assigned by the company? The board needs to communicate clearly and candidly with the manager or management company principal regarding issues or obstacles that arise *as they occur*. Taking care of issues when they are relatively small will help avoid the compounding effect that, left unaddressed, time will create. So, whether price, service, or personnel are the issues, let the company principal know with the goal of overcoming those concerns.

If these efforts have been made unsuccessfully and the relationship with current management is beyond repair, the board must move forward with the bid process. Here are a few helpful hints for the board to consider:

1. The board may consider forming a committee to assist with researching and selecting a new management company. The committee members should be provided a scope of authority and goals and disbanded upon conclusion of the selection process.
2. Engage your team of professionals. Consult with the HOA's legal counsel for assistance with drafting a Request for Proposal (RFP) that allows an apples-to-apples comparison of the candidates. Don't forget to request references.
3. Once the RFP is reviewed and approved by the board, send it to all candidates and provide a specific deadline for submittal and specify the date(s) that the board will be interviewing the candidates. Make sure to ask that any candidate not interested in applying should respond right away and not leave the board hanging.
4. Once the proposals have been received and reviewed by the committee, the committee should make its top three candidate recommendations to the board. The board should then invite the finalists for a face to face interview. Create a

list of questions and be consistent in asking the same questions of each candidate. Set the length of the interview from 45 minutes to an hour.

5. Request to meet and interview the likely manager to be assigned from each firm. Management companies sometime send their marketing or executive-level staff members. You want to meet with the person you will be dealing with on a day-to-day basis.

6. Upon conclusion of each interview, inform the bidder of the specific time line for making a final decision. A transition period of at least 90 days between management companies is desirable.

7. Congratulate the winning bidder and inform the other two of the board's decision.

These tips will provide for a smooth and effective bid process. The goal is to obtain like-comparisons and to select the best qualified to meet and, hopefully, exceed the expectations.

*Adapted from an article by Christa M. Brady [www.associaliving.com](http://www.associaliving.com)* 🗳️

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### Ground Rule Meetings

Productive meetings don't happen by chance. Like baseball, ground rules make it possible to hit a home run. Without ground rules, small issues become major time wasters and important matters do not receive the attention they deserve. Ground rules discourage someone from monopolizing the meeting with personal concerns. Here are some ideas to make your meetings a big hit:

Each meeting should have an agenda with related information prepared in advance and distributed to the board members for *review before the meeting*. An agenda is the meeting map. Everyone knows where they are going

and what the final destination will be. Without an agenda, any topic is fair game. While it is conceivable that every topic might be of interest, the ability to act on each is limited due to lack of preparation. An agenda is critical for staying on the game plan.

One of the best known guidelines for meetings is Robert's Rules of Order. In some formal settings like Congress or Parliament, Robert's Rules are used extensively. For homeowner association meetings, an abbreviated version will do:

1. One person speaks at a time.
2. The Chair decides who that person will be.
3. The speaker may speak only on the issue being considered.
4. Those wishing to speak will be given an opportunity.
5. Decisions require a motion, a second and a vote.
6. Once voted upon, no further discussion is permitted.

Set time limits for the meeting and the specific topics on the agenda. Time limits help focus everyone's attention and adds to the clarity of the discussion. It also helps the Chair prevent rambling discussion. Announce the intention to finish the meeting on time and keep your word.

The purpose of the board meeting is to transact business. Often this is not how it works. Some view it as an opportunity to gossip and debate endlessly. This may be interesting to some, but it prevents business from getting done. Call a halt on the "never ending story" tellers.

The Chair is the meeting "Umpire" that calls "foul" when the discussion is "outta bounds" or when someone is delivering a "wild pitch". The Chair should know "who's on first" and "who's striking out". OK, enough of the baseball metaphors. You catch the pitcher? (ouch!). With proper meeting ground rules, the results will clear the fence. 🎯

## Not Long Ago

Innovations in technology have substantially increased the ability for professional homeowner association managers to provide their clients with more efficient and quality service. For example, it was not long ago that managers would prepare for board meetings by snail mailing paper agendas to the board. Today, board packets are emailed to the members.

Another example of modern efficiency is the budget review and approval process. Revisions to the draft budget are made by laptop at the meeting and finalized the same night. When it comes to writing minutes, the secretary or manager can draft the minutes at the meeting (or soon after) and emails them to the board while recollection is fresh.

It was not long ago that owners needing account information would call to have documents snail-mailed, faxed or made available at the office for pick-up. Today, with web-based technology, owners have the ability to access their personal accounts immediately. They can review their account and even make payments online.

Board members can review violation status, manager reports and vendor payments online. Real estate agents and title/escrow companies can order HOA documents and have them in a matter of minutes so home sale closings are not delayed.

It was not long ago when property inspections were done with a paper or tape recorder. Using tablets, the information can be recorded onsite, photos taken, inspection reports prepared and violation letters emailed before returning to the office.

Not long ago, the HOA's files were kept in manila folders in a file cabinet or stored in boxes and subject to fire, water damage, theft or misplacement. Today, records are scanned and stored securely in digital form in multiple cloud backup locations. This system allows quick access to clients' documents.

Not long ago, HOA managers would gain knowledge by attending classes

and seminars, which often required expensive travel to distant locations. Now they have the option to participate in webinars without leaving the office. They allow instructor-attendee interaction that is so important to comprehension.

All of these innovations have been a boon to efficiency and cost reduction. Advances in electronic technology have vastly improved customer service and aided the client decision-making process. It is difficult to imagine conducting business any other way. Take advantage of the options and leave "not long ago" in the distant past.

*From an article by Stacey Tokairin - Certified Management, Inc. 🎯*

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## Art of Tree Pruning

Trees are living artwork that decorate the common area. They are beautiful and soothe the soul but are constantly changing. Like all living things, they need care and attention. Trees are pruned to produce an effect in the landscape - that's the "art" side of pruning. Understanding and being able the tree's growth and health response to pruning is the "science" side.

When done properly, pruning can improve a tree's appearance as well as increase its life expectancy. Proper pruning opens the canopy of the tree to permit more air movement and sunlight penetration. Done improperly, pruning can decrease the tree's life expectancy or even kill it. Because trees are living organisms, they can be profoundly affected by pruning practices.

The American National Standards Institute's criteria for tree pruning called "ANSI A300" was adopted in 1995. It should be followed in all pruning situations and geographic areas.

**Making Cuts** Branches should be removed with thinning cuts. A thinning cut either removes a branch at its point of origin or shortens it back to a lateral branch that is large enough to assume the terminal role.

Branches should not be removed with heading or topping cuts. A heading cut is when a currently growing or one-year-old shoot is cut back to a bud, or when a larger limb is cut back to a stub or a lateral that is not big enough to assume the terminal role. Heading should not be used in shade and ornamental tree pruning, since it forces the growth of sprouts that are weakly attached to the parent stem. Drastic heading can kill the tree outright.

**Branch Size** A minimum or maximum diameter size of branches to be removed should be specified in all pruning operations. This establishes how much pruning is to be done.

**Pruning Objectives** Pruning objectives should be established prior to beginning any pruning operation. A300 provides two basic objectives:

**1. Hazard Reduction Pruning** This is recommended when the primary objective is to reduce the danger to a specific target caused by visibly defined hazards in a tree. For example, hazard reduction pruning may be the primary objective if a tree had many dead limbs over a park bench.

**2. Maintenance Pruning** This is recommended when the primary objective is to maintain or improve tree health and structure, and includes hazard-reduction pruning. An example here might be to perform a maintenance pruning operation on a front yard tree.

**Pruning Types** Hazard reduction pruning and maintenance pruning should consist of one or more of the pruning types noted below.

**Crown Cleaning** consists of the selective removal of one or more of the following items: dead, dying, or diseased branches, weak branches and watersprouts.

**Crown Thinning** is the selective removal of branches to increase light penetration, air movement, and reduce weight.

**Crown raising** consists of the removal of the lower branches of a tree to provide clearance.

**Crown reduction**, also called crown shaping, decreases the height and/or spread of a tree. Consideration should be given to the ability of a species to sustain this type of pruning.

**Vista pruning** is selective thinning of framework limbs or specific areas of the crown to allow a view of an object from a predetermined point.

**Crown restoration** pruning should improve the structure, form and appearance of trees which have been severely headed, vandalized, or storm damaged.

When you contract a company for tree care, you should obtain a written commitment that, "All pruning shall be done in accordance with the ANSI A300 standard for tree pruning." This means:

- ♣ Proper cuts will be made.
- ♣ Spikes won't be used to climb. Spikes are injurious to the living tree and should only be used in emergency situations or when the tree has very thick bark.
- ♣ Not more than 1/4 of the foliage of the canopy or individual limbs should be removed in any one season.
- ♣ When pruning is completed, at least 1/2 of the foliage should remain evenly distributed in the lower 2/3 of the canopy.

Trees are one of a homeowner association's biggest assets and need to be treated with respect and care. Use only a trained arborist and budget in your reserve plan for recommended pruning. 🌳

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### Doing or Being?

Some years ago, my high school graduating class had its thirtieth anniversary reunion. Since I wasn't able

to attend the reunion, I decided to blow the dust off my yearbook and stroll down nostalgia lane. I remembered a project the seniors were given before the yearbook went to press. We were asked to think about the next twenty years and answer, "What do I want to do?" The plan was to record our dreams and goals in the yearbook

- "Make a million bucks."
- "Win all-American honors and play professional football."
- "Be the conductor of a symphony orchestra."
- "Make a living writing short stories, plays and novels."
- "Travel abroad as a news correspondent."

All sorts of goals, some admirable, some questionable. I think we were asked to answer the wrong question. What we want to do is not nearly as important as what we want to be. Doing is usually connected with a vocation or career. Being is much deeper. It relates to character, who we are and how we make a life. Doing is tied in closely with activity, accomplishments, and tangible things. Being has more to do with intangibles, the kind of people we become down inside which can't be measured by objective yardsticks and impressive awards. But of the two, being will ultimately outdistance doing every time.

Are you giving thought to things that count? I hope so. Goal-setting and achieving are important, especially if we are in need of being motivated. Moving in the right direction is a great way to break the mold of mediocrity. It's helpful to ask, "What do I want to do?"

But while you're at it, ask yourself the harder question, "What do I want to be?" Then listen to your heart. True treasures will emerge. Pick one or two to start with. Don't tell anybody, just concentrate time and attention on that particular target. Watch God work. It will amaze you how He arranges circumstances so that the very target

you and He decided on will begin to take shape within you. It won't happen overnight, but that's the difference between doing and being. One may take only twenty years; the other, a lifetime. One can be recorded in a yearbook and is easily forgotten; but the other requires a lifebook which is on display forever.

*From Growing Strong in the Seasons of Life by Charles R. Swindoll* 🌱

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### Wisdom of Kindergarten

Most of what I really need to know about how to live and what to do, and how to be, I learned in kindergarten. Wisdom was not at the top of the graduate school mountain, but there in the sandbox at nursery school.

These are the things I learned:

- ◆ Share everything.
- ◆ Play fair.
- ◆ Don't hit people.
- ◆ Put things back where you found them.
- ◆ Clean up your own mess.
- ◆ Don't take things that aren't yours.
- ◆ Say you're sorry when you hurt somebody.
- ◆ Wash your hands before you eat.
- ◆ Flush.
- ◆ Warm cookies and cold milk are good for you.
- ◆ Live a balanced life.
- ◆ Learn some and think some and draw and paint and sing and dance and play and work every day some.

- ◆ Take a nap every afternoon.
- ◆ When you go out into the world, watch for traffic, hold hands and stick together.
- ◆ Be aware of wonder.

Remember the little seed in the plastic cup? The roots go down and the plant goes up and nobody really knows how or why, but we are all like that. Goldfish and hamsters and white mice and even the little seed in the plastic cup -- they all die. So do we.

And then remember the book about Dick and Jane and the first word you learned, the biggest word of all: look. Everything you need to know is in there somewhere. The Golden Rule and love and basic sanitation. Ecology and politics and sane living.

Think what a better world it would be if we all -- the whole world -- had cookies and milk about 3 o'clock every afternoon and then lay down with our blankets for a nap. Or if we had a basic policy in our nation and other nations to always put things back where we found them and cleaned up our own messes. And it is still true, no matter how old you are, when you go out into the world, it is best to hold hands and stick together.

*By Robert Fulghum* 🌱

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### My Job History

My first job was working in an orange juice factory, but I got canned because I couldn't concentrate.

Then I worked in the woods as a lumberjack, but I just couldn't hack it, so they gave me the axe.

After that, I tried to be a tailor, but I just wasn't suited for it. The job was only sew sew anyhow.

Next I tried working in a muffler factory, but that was too exhausting.

I then went to barber school but I just couldn't cut it.

So I attempted to be a deli worker, but any way I sliced it, I couldn't cut the mustard.

Actually, my best job was being a musician, but eventually I found I wasn't note worthy.

So I studied to become a doctor, but as it turns out, I had no patients.

Next was a job in a shoe factory. I tried real hard, but I just didn't fit in and felt like a heel.

Following that, I became a professional fisherman, but discovered that I couldn't live on my net income.

I thought about becoming a witch and tried that for a spell but all my work just went up in smoke.

Then, I managed to get a good job working for a pool maintenance company, but the work was just too draining.

I had a part time job as a barista, but I had to quit because it was always the same old grind.

After years of trying to find steady work, I got a job as a historian. It was fine until I realized there was no future in it.

Know where I can find a good job? 🌱

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