



# The Regenesis Report



Seattle Edition

Innovative Homeowner Association Management Strategies

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**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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## Interests in Conflict

The headlines read, "Politician Denies Conflict of Interest Allegations". What exactly is "conflict of interest" and how can you avoid one? A conflict of interest is "a situation in which a person such as a public official, employee or board member has a personal interest sufficient to influence the objective exercise of official duties." There are three key elements in this definition:

1. **Personal Interest.** Often this means a financial interest, but it could mean providing a special advantage to a spouse or child. Taken alone, there is nothing wrong with pursuing personal interests like changing jobs for more pay or helping your daughter improve her golf game. The problem comes when this personal interest comes into conflict with the second feature of the definition:
2. **Official Duty.** By stepping up to a directorship, you acquire obligations to the homeowner association (HOA) and the other owners. These obligations are supposed to trump personal interests.
3. **Influences Objectivity.** Conflicts of interest interfere with objective judgment. A major reason people value professionals is that they expect them to be objective. Personal interest that interferes with that objectivity is a matter of legitimate concern. So it is also extremely important to avoid "apparent" and "potential" as well as "actual" conflicts of interests. An "apparent" conflict of interest is one which objectivity *is likely* to be compromised. A "potential" conflict of interest *may* develop into an actual conflict of interest.

With this in mind, consider five types of conflicts of interest identified by political scientists Ken Kernaghan and John Langford (using homeowner association examples):

- ① **Self-Dealing.** As Board President, you arrange to have your unit painted first even

though others need it more or you hire your son to do the HOA landscaping work.

- ② **Accepting Benefits.** You accept an all expense paid trip to Cancun from the HOA's painting contractor. Money kick backs qualify as well.

- ③ **Influence Peddling.** A board member asks for money in exchange for using influence to get a particular vendor's contract approved.

- ④ **Using HOA Property for Personal Use.** Usually called "stealing"...taking office supplies and postage or using equipment for a personal project.

- ⑤ **Using Confidential Information.** A board member discovers a structural dry rot problem that will cost many thousands of dollars per owner to repair. Instead of disclosing the problem, the director quietly resigns and puts his unit up for sale.

How do you determine if you are in a conflict of interest situation? The proof is whether the situation is likely to interfere with your independent judgment as a director. Try the "Trust Test". Ask "Would the owners trust my judgment if they knew I was in this situation?" Trust is at the ethical heart of this issue. Conflicts of interest involve the abuse of trust.


The Trust Test suggests a way of dealing with a conflict of interest called "disclosure". If we disclose what might influence our judgment, others are informed and can be on guard. But disclosure is not enough. Board members are expected to *avoid* conflicts of interests. So in the case of potential self-dealing, the smart director abstains from participating in the discussion or voting.

Since conflict of interest can cloud objectivity, it's often easier to see it in others rather than in one's self. As a precaution, it's wise to speak to a friend or colleague when in doubt.

"Situational ethics" arise when loyalty is split or there are moral concerns that muddle

the decision. “Whistle blowing” is an example of when a director must choose between loyalty to a director and personal friend who is embezzling.

Conflicts of interest can rear their ugly head at any time. Be vigilant and prepared to respond quickly and appropriately.

*Excerpts from an article by Dr. Michael McDonald of the Centre for Applied Ethics* 

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### Ask the HOA Expert™

**Q** I'm trying to advise an HOA client on what a good reserve balance should be for an HOA. What is the best formula to use?

**A** The answer to that question is “There is no such formula”. To arrive at the answer requires performing a reserve study that identifies the HOA's common element components that have a 1 to 30 year useful life. Each component is then measured, assessed for current condition, a useful life assigned to it and a current cost of repair or replacement given to it.

This information is then projected over a 30 year time frame along with the current inflation rate and rate of return on invested funds. The result is the amount of money that must be contributed each year by the owners to ensure that adequate funds are there when the various events come due. For example, if a roof has a 20 year life and a current replacement cost of \$100,000, \$5,000 should be reserved each year. The same process is used for all components. If reserves are funded each year following this example, they are fully funded.

Since inflation, return on investment and cost of repairs and replacement are a moving target, the reserve study needs to be updated every year and a site inspection of the components' condition is recommended at least every three years to keep the projections accurate.

The goal should be full funding which is fairest to all members. If reserves are less than fully funded, the annual contribution needs to be increased to bring it back in line. That is why the annual update is so critical to keeping the study accurate.

**Q** Our condominium building was built in the 1950s. The windows are single pane and extremely energy inefficient. The HOA has a central boiler heating system and provides heat to all units. An engineer was hired by the board to look at the window performance and he concluded that the HOA could save a great deal on money on heating if the older windows were replaced with energy efficient windows.

The governing documents indicate that the individual unit owners are responsible for unit windows. A motion was proposed at the annual meeting that all windows be replaced as recommended with costs to be assessed to each owner according to the usual HOA fee formula.

Those that voted against the motion said the vote carried no authority since the governing documents said unit windows were a unit owner's responsibility. Is this correct?

**A** There are several issues to consider when the homeowner association involves itself in a repair or replacement of windows that is a unit owner's responsibility:

1. Where the HOA pays for heating and old windows waste heat and increase energy cost for all owners, there is a compelling reason to reduce an unnecessary expense. Moreover, the energy savings of installing new windows often produces a quick payback like 5-10 years. The payback period could be even shorter if your state offers rebates or tax credits that the individual owners can take advantage of. If those rebates or credits do exist, make sure that the contractor structures the project properly so that the unit owners can receive the benefits since the HOA itself cannot qualify.

2. As long as the vote was done properly (all unit owners received advance notice of the proposed motion) and the required number of votes was received as described in the governing documents, the HOA indeed has the authority to organize and oversee a full window replacement project on behalf of the unit owners.

3. Replacing all the windows as one project could save up to half the cost of what individual unit owners would pay.

4. With proper project specifications and oversight, the HOA can better ensure that a licensed, bonded and insured contractor is used, that the installation is done according to manufacturer's specifications and that a manufacturer's and contractor's warranty are received.

5. Since windows are a unit owner's responsibility, replacement costs should be assessed according to each unit's actual window cost and not according to an HOA fee formula which is usually equal. If all units have exactly the same square footage of windows, distributing cost equally is okay. Otherwise, costs assessed to each owner should be based on the actual window benefit received.

This is a wonderful example of win-win-win. The HOA can reduce

project costs, energy costs will be significantly reduced, all owners will benefit in the future and prospective buyers will perceive greater value in their purchase.

**Q** Our homeowner association's governing documents include a provision that "No unsightly articles shall be permitted to remain on any home so as to be visible from any other portion of the development". The term "unsightly articles" seems to be something that could be broadly interpreted to anything visible from the street.

**A** Usually, the governing documents are a bit more specific about things like this. If they aren't, the board should enact a policy that interprets what "unsightly articles" means. This interpretation does not need to provide an exhaustive list but it should give the owners the types of things that qualify. This policy should clarify 90% of the enforcement issues and the board can then focus only on the 10% of those issues that raise their "unsightly" heads.

As with all rules, the board should circulate the proposal to the members for a 30 day review and comment period before making a formal decision. That way, there is a presumptive buy-in.

**Q** Our board is trying decide the proper way to handle an issue. At our recent annual meeting, a motion was made on something that was not on the agenda for the meeting. The president at the time allowed the motion to be made, seconded and voted upon. There was not even a sufficient number of owners there to constitute a quorum. The homeowners not present had no idea this was being voted on. Was this vote legal?

**A** There are several issues to consider when voting at an annual meeting:

1. If there was not a legal quorum at the meeting, no business of any kind can be conducted and that includes election of directors.

2. Any motion to be voted upon at an annual meeting needs to be noticed to all members in advance of the meeting so that they have an opportunity to vote.

3. The president allowing the motion to be made does not make the matter acceptable or legal. Any member, whether they attended the meeting or not, can demand that this vote and any other business transacted at this meeting be nullified immediately. If the demand is not acknowledged by the board, an attorney letter may help. Neither the president or the board is above the requirements of governing documents.

**Q** Our board requested a special assessment of \$7,000 for roof repair and exterior painting. After failing to get the required vote, the board increased the monthly fees by 33%. Can it do that?

**A** The answer depends on requirements of the governing documents. It is not uncommon for the governing documents to require a vote of the members to authorize a special assessment but not to approve the annual budget. The advantage of using a special assessment to pay for renovation is that it does not impact the regular HOA fees. But if the members fail to approve the special assessment, the board has little choice but to gather the funds by way of the HOA fees.

But there is another problem. Special assessments are triggered by the lack of reserve funds. HOAs that routinely get renovation money by way of special assessments fail to recognize that they are unfair to those that have to pay them and difficult to collect from those in financial straits. Since renovations can be predicted many years in advance, the funds to pay for them should be paid by all members in a monthly way (usual way for condominiums) along a 30 year time line (usual projection period) so that the money is there when needed. It sounds like your HOA lacks a reserve plan and fails to put money in reserves systematically so it leaves the board with the two alternatives you describe, neither of them appealing.

There are other compelling reasons to reserve. Underwriters of many condominium loans (FHA, Fannie Mae and Freddie Mac) require a current reserve study and proof that at least 10% of the annual budget is going into reserves. (The average condominium should be reserving 25-35% of the annual budget.) Those that fail to comply lose critical financing options which will impact market value.

Your homeowner association needs to break this boom or bust approach to major renovation projects. The board needs to order a reserve study from a qualified reserve study provider. Members of Association of Professional Reserve Analysts [www.apra-usa.com](http://www.apra-usa.com) carrying the Professional Reserve Analyst (PRA) credential have the experience and proficiency to provide what you need.🌱

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### **Beautiful Barriers**

Robert Frost's poem **Mending Wall** explores how people with different temperaments and territorial natures are able to cooperate and work together. He sums it up with "Good fences make good neighbors". In common wall homeowner associations, this observation resonates loudly. HOA barriers abound in a plethora of options including chainlink, brick, stone, wood, stucco, vinyl, concrete and siding.

Besides the visual differences of these barriers comes practical considerations. In common wall communities like condominiums, the HOA is responsible for the maintenance, repair and replacement of such structures. Materials like chainlink are inexpensive, have a long life and low maintenance, but aren't very attractive and don't afford privacy. Sided walls are expensive to build and maintain and are subject to dryrot in wet climates.



There is a great alternative which is attractive, low maintenance and long lived called the "Good Neighbor Fence" (Frost would be proud). This fence is built of redwood or cedar and pressure treated wood (all rot resistant) with alternating boards on each side so that the fence looks the same on both sides. The open weave design blocks views but allows air to pass through for ventilation. This design also reduces the effects of high wind that could damage or blow the fence down.

Leaving the fence unpainted has a number of advantages since painted fences peel and need frequent touchup and repainting. Also, painted wood fences do not last as long as an unpainted Good Neighbor Fence. Cedar or redwood will last 15 to 25 years when properly built and left unpainted. Clear sealer can be applied to help retain the wood color but this does nothing to extend its life. As with any wood fence, the fence boards should have at least 6" clearance from the dirt.

The Good Neighbor Fence looks great, is ideal for replacing other types of fences and costs \$25-35 a linear foot. Based on looks, price and durability, this is a seriously beautiful barrier.

*For construction specifications for a durable Good Neighbor Fence, see [www.Regensis.net](http://www.Regensis.net) *

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## **Fox in the Henhouse**

Theft of homeowner association funds is a rare occurrence because the vast majority of professional managers and board members are honest and trustworthy. However, when theft does occur, it has a devastating effect. The following suggestions include some basic protocols that an HOA board can put into place to greatly enhance the security of its funds.

**1. Checking & Savings Accounts.** When setting up an HOA's bank


accounts, make sure that the President and Treasurer are given access to those accounts even if the HOA is professionally managed. Operating funds and reserve funds should be held in separate bank accounts. For the reserve account, the board may wish to limit access only to the President and Treasurer (excluding the management company), and require two authorized signatures on any reserve check or withdrawal. (The two signature requirement is strictly a board policy. The bank will still cash a check written by one of two authorized signers.)

**2. Set Up Online Banking.** The President and Treasurer should be able to monitor all HOA account activity. If professionally managed, require that duplicate monthly bank statements be sent directly from the bank to the President and Treasurer. Many banks offer electronic fraud alerts which will send an email warning if a certain number of transactions or a certain amount of money is withdrawn from accounts.

Beyond electronic protections for HOA accounts, the President and Treasurer should visit the bank branch where the accounts are located and get personally acquainted with the branch manager. When a new board President and Treasurer are elected, they should visit the bank and execute a new account signature card and make sure old officer names are removed. The access password for the HOA's electronic banking should be changed periodically to make sure that only currently authorized officers have access to the accounts.

**Professional Manager.** If considering professional management, make sure to obtain references from their other association clients and check those references. Since the reserve account can accumulate substantial funds with infrequent expenditures, it is prudent to restrict the manager's access to the reserve account. The board President and Treasurer can sign the few checks (typically) that are required each year to pay for reserve related expenses. The board should hire an independent CPA to review financial statements annually.

**Insurance.** All HOAs should carry fidelity insurance to protect association funds. Fidelity insurance covers theft of funds by HOA officers, directors and employees. It can also extend to professional management, although management should carry its own fidelity coverage. A board should annually review and adjust the limits of its fidelity insurance to adequately protect the value of its funds. A good guideline to follow is to insure all reserve funds plus three months of HOA assessments. A board should also verify the management company's fidelity insurance limits. Management companies typically have blanket coverage which extends to all of their clients. Ask management for its fidelity coverage limits and how many clients it covers.

Always be cautious when it comes to the HOA's money. If something looks or sounds suspicious, investigate. With these basic protections in place, the security of HOA funds is greatly enhanced. Kill the fox before too many hens go missing. 

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## **Mind Bending**

Money. There is never enough and homeowner association boards often struggle to get the membership to ante up enough of it to take care of common assets which may include the members' own homes in the case of common wall HOAs.

You'd think protecting one's own property would be natural. But in HOAs where the board controls member assets, it can be a point of contention. Tight fisted members challenge efforts to raise fees thinking the board should do more with less. Consequently, the common elements deteriorate and the members experience declining market values and livability. Illogical you say?

There are several reasons members resist what is in their own best interest. These reasons often underlie other areas in their lives so don't take it personally. Just recognize that facts and logic are secondary with some people. Consider:

**Mistrust.** This feeling often runs deep. For this person, a board that communicates poorly or dictatorially invites challenge. If there is a long history of this, resistance to money proposals, rules and policies is almost automatic.

**Inflexibility.** If the HOA has historically maintained low reserves, getting the members to pay more is difficult. Recognize the natural resistance to change and plot a gradual course of correction to gradually woo support.

**Peter Pan Thinking.** HOAs are marketed as a way to reduce cost and maintenance called "carefree living" by developers and real estate agents. But carefree doesn't come free. It just means that someone else handles it for you. That "someone" is often the board which apparently is supposed to do all the work. Peter Pan Thinking can be summed up, "The HOA can't afford (fill in the blank: reserves, a manager, a lawyer, collection service, landscape contractor, pool contractor, etc.) but I personally don't want to do any of the work myself or pay for it."

**Intractability.** Even the most successful board lobbying effort battles some opposition to the bitter end. Some just refuse to cooperate. That's human nature. As long as the majority support the board's recommendations, the board has succeeded. In time, the biggest critics often become the board's staunchest supporters once the recommendations have proven successful.

**Fear & Trust.** Some fear what tomorrow will bring and need reassurance. These folks make decisions reluctantly or not at all for fear of making the wrong one. They rely heavily on those they trust. This is a great responsibility for those that accept it. For the HOA board, this means making informed decisions and

treating seriously the trust that has been given to it.

Even though these mind sets are largely emotional, they are very real and don't go away. They must be overcome for the board to move business along. These people are the HOA's customers and if they aren't buying what the board is selling, business comes to a standstill. Change attitudes through patience and prodding. It's a mind bending experience. ☸

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## Feng Shui HOA

Feng Shui (pronounced "fung shway") is the ancient Chinese art of placement. The goal of Feng Shui is to achieve harmony, comfort and balance, first in one's environment and then in one's life. Feng Shui translates literally to "wind-water", the two mediums where life exists.

Feng shui is used to create a living space in harmony with nature. Careful orientation of furniture can attract good karma or repel bad. While there is considerable skepticism about the validity of Feng Shui, the goals of harmony, comfort and balance are certainly those that to which every HOA should aspire. However, in the legalistic environment that haunt many HOAs, these goals may seem far away.

Many HOAs live under "The Rules". Whether spelled out in the governing documents or concocted by an ill or well meaning board, The Rules are there to establish lines which should not be crossed. Those that espouse the need for The Rules often believe they are ironclad and black and white. When it comes time to smite a rule breaker, there is no mercy.

There are various reactions to The Rules:

- To some HOA residents, The Rules have little relevancy because they state the obvious: don't bug your neighbors or let your kids or pets run wild.
- Others ignore The Rules because they don't apply (I don't have a dog, jet ski, RV or like to play loud music).
- Others don't like rules in any form, so violating The Rules is a crusade. (You can't tell ME what to do!).
- Then there are those that go about living the way they do, violating The Rules as they go, because IT'S MY GOD GIVEN RIGHT AS AN AMERICAN TO ENJOY MY PROPERTY ANY WAY I WANT TO!

But after all is said and done, the vast majority of HOA residents just want to live and let live. Most have learned basic give and take behavior when young and need little instruction as adult. Those that didn't learn then are slow to change if they change at all. Thus, the sticking point really is what to do with scofflaws which represent a tiny percentage of the whole.

Feng Shui instructs how to harness the mystical powers of nature. One aspect of Feng Shui that drives skeptics to distraction is that the same end can be achieved by different means. The same furniture arranged in different patterns can produce the same harmonious results.

In the same fashion, little used techniques by HOA boards are mediation, accommodation and compromise. The world is not black and white and neither is an HOA. The board actually has the latitude to make deals when it makes sense to do so. An example of this would be a resident (one of those #\$\$%&\*!!! scofflaws) that parks a junk car in his driveway which is in direct violation of the HOA's rules.

The board could do battle with this character and spend endless emotional and HOA capital to win the battle. But

win, lose or draw, the guy is still a jerk and likely to engage the board on another battlefield on another day. You just can't win with some people. So, the board can just choose not to play and spend its time dealing with those that are more receptive. The board doesn't need to win every battle. Concession can be the greater part of honor.

With a situation like this, it's in the HOA's best interest not to fight. As the saying goes "Never wrestle with a pig. You both get dirty and the pig likes it." Let the record state: "The board informed the resident of the rule violation repeatedly, mediation was rejected and the board decided that compromise was in the best interest of the HOA."

So take the Feng Shui approach. Rather than putting up rule barriers that attract challenge, craft "harmonious living philosophies" that attract compliance. Most want to live in peace, so craft an environment where harmony can thrive. Then, simply deal with the occasional tough case. Even Feng Shui homes occasionally have to take the trash out, just not every day. Go you and do likewise. 🌿

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## Reasons for Reserves

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

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## Avoiding an Argument

Robert H. Schuller in his book, "Move Ahead with Possibility Thinking" identifies a number of ways to dodge a debate and forge consensus in your community. Often, the major complaint is that people don't feel they are being heard. Many of the following suggestions will address that issue and encourage opponents to become supporters:

1. Welcome disagreement. Remember, when two partners always agree, one isn't necessary. Be thankful that some point is brought to your attention. It might prevent you from making a critical mistake.
2. Suppress your natural instinct to become defensive. Defensiveness create walls that promote conflict.



3. Control your temper. The size of a person is measured by what causes anger.

4. Allow others to speak uninterrupted. Listen politely and don't debate.

5. Look for areas of agreement. Discuss these points first to encourage supportive communication.

6. Promise to carefully consider opinions offered and mean it. Upon reflection, there may be merit to the suggestions that you didn't see before.

7. Be honest. Admit when you are wrong to lower defensiveness in your opponent.

8. Thank the person for the input. Anyone that takes the time to disagree is interested in the same thing you are. Imagine that person as someone that wants to help.

9. Pray for guidance.

10. Postpone fuller discussion to give all parties time to think through the issues. 🌟

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## Perception & Protection

Homeowner associations have a responsibility to protect the investments of the members. A person's home is typically his largest investment, thus protecting property value should be a main concern of any HOA board. Perceptions of personal safety influence current residents' lifestyle choices and rank high in prospective buyers' relocation choices. Assuming that an HOA is faced with real versus perceived crime, the board can address that perception by asking several fundamental questions:

Has crime increased resident instability? HOAs can measure resident instability in several ways: residential mobility and owner occupancy. Resident mobility measures the

frequency in which residents move in and out, while owner occupancy is a rate assessing the number of resident owners. Combining these two provides the board insight about resident instability.

Has crime affected property values? Criminal mischief such as graffiti and vandalism directly reduce the value of the targeted property. If this activity is pervasive in your HOA, property values are likely to drop.

Has crime affected the quality of life? If HOA members believe the board is not addressing the crime problem adequately, some will withdraw from social activities or focus on crime issues at meetings.

Community Response to Crime. To identify and measure response to crime, four basic questions may be asked:

1. What is the HOA doing to reduce crime? There are several crime reduction strategies that HOAs can implement such as environmental designs (reduce landscape cover, install better lighting, build more effective fences), organic security measures (security guards) and electronic monitoring (cameras), all of which address crime in different ways. Environment measures are an absolute must to provide the perception of protection. The other two can be effective deterrents but come at a high cost.

2. How does "perceived" crime influence the HOA's crime prevention efforts? Perceptions of crime do not always relate to the actual amount of crime. And responding to crime does not address the fear of crime; therefore, informing residents of responses to crime is critical to help relieve resident fears. It is also important to gauge the residents' approval of the board's response. For example, was the response both timely and appropriate?

3. Is the crime response successful? Sometimes a crime prevention strategy fails to meet the objective. For instance, installation of security lights will not affect daytime burglaries. It's good to review measures taken every year to determine if improvements can be made.

4. What are the side effects of the crime prevention programs? Some programs can create additional challenges. For example, while gated communities provide a physical barrier as a form of crime prevention, residents are required to validate themselves and their guests when entering. In this scenario, the individual relinquishes certain freedoms in exchange for certain protections.

Assessing the impact crime has on a homeowner association and the board's response to it is a fundamental service all HOAs need to address. Security has both elements of perception and protection. 🌟

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## Box of Cigars

A defendant in a lawsuit was talking to his lawyer. "If I lose this case, I'll be ruined!"

"I've done the best I could. It's in the judge's hands now," said the lawyer.

"Would it help if I sent the judge a box of cigars?"

"No! The judge is a stickler on ethical behavior. A stunt like that would prejudice him against you. He might even hold you in contempt of court."

Within the course of time, the judge rendered a decision in favor of the defendant. As the defendant left the courthouse, he said to his lawyer, "Thanks for the tip about the cigars."

The lawyer responded, "I'm sure we would have lost the case if you'd sent them."

"But I did send them.", replied the man.

"What?" shouted the lawyer.

"That's how we won the case. I remembered to enclose the plaintiff's business card." 🌟

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[www.rafellawgroup.com](http://www.rafellawgroup.com) HOA representation and construction defect litigation. Free initial consultation

### BANKING

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### COLLECTION SERVICES

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### HOMEOWNER ASSOCIATION MANAGEMENT

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### INSURANCE

**Community Association Underwriters** 800.228.1930  
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[www.cauinsure.com](http://www.cauinsure.com) Condominium and homeowner association insurance

**American Benefits, Inc.** 503.292.1580  
**Vern Newcomb** [vernnewcombabipdx.com](http://vernnewcombabipdx.com)  
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Portland OR 97225 [www.abipdx.com](http://www.abipdx.com)  
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### RESERVE STUDY SERVICE

**Regenesis Reserves** 503.268.1789  
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[michael@RegenesisReserves.com](mailto:michael@RegenesisReserves.com)  
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### SIDING & WINDOWS

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[www.pacificexteriorsnw.com](http://www.pacificexteriorsnw.com) Construction defect repair, siding, windows, roofing, decking, dryrot repair, building envelope repair, water intrusion repair, painting Washington # PacifBS831MK

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