

## VENDORS AND INSURANCE ISSUES

The Beven & Brock accounting office has been making a concerted effort to monitor the insurance status of all vendors who provide services. The reason for this is that if an Association utilizes vendors who do not carry either Worker's Compensation insurance themselves, or a liability policy that establishes that they are an independent contractor, that in the event of an injury on the property, in all likelihood, a determination will be made by the Worker's compensation Appeals board that the association will be responsible for the injured worker.

If a vendor has employees, but does not carry Workers compensation insurance the Association becomes liable for the employees of that vendor.

If there are no employees, it is important that the sole proprietor prove that he is truly an independent contractor, normally done by providing a liability policy, and a business license. If they are performing work that requires a license, they must also be licensed. For a list of trade areas for which a license is required, you may find that at:

<http://www.cslb.ca.gov/GeneralInformation/Library/LicensingClassifications/>

Our practice has been that if has not provided us evidence of insurance they were provided with a letter indicating this and it was attached to a recent check. The letter was copied in Green so that it would not be missed. Hopefully, the Treasurer sent that through along with the check. The letter indicated that we would not process any further checks until proof of insurance was provided.

We are now in the second stage of this process, where we, and possibly you are getting word that a vendor cannot be paid. There are a couple of solutions however to easily resolve this issue and make sure that the association is as fully protected as it can be:

- 1) The uninsured vendor can obtain insurance. We have referred many to an insurance agent who can help them. It is not expensive, although some have indicated they can't afford it. A liability policy is about \$1100.00 per year, and a Worker's comp policy would depend on payroll, but may start at about \$500.00 per year.
- 2) The association can utilize another vendor who has insurance.
- 3) The association can sign a form indicating that they are aware a specified vendor does not have insurance and the Board is authorizing payment anyway. This is not recommended unless the association also carries its own Worker's Comp policy as a part of its master policy. A typical minimum annual premium is about \$500.00 to \$700.00 and is generally available through your insurance agent. If you don't know if you carry a Worker's comp policy, check with your manager at Beven & Brock, or your insurance agent directly. This policy will act as an option of last resort, in case you want to use vendors who don't have insurance or if a vendor has insurance, but it lapses without notice, or if a vendor who has indicated he has no employees happens to pick up a day-worker, or asks a family member to take his jobs temporarily due to a family emergency.

The bottom line, all work conducted on your property, should be done by insured workers. If not the Association becomes responsible for any injuries that may result.

Associations are strongly urged to obtain Worker's Compensation insurance as a part of their Master Insurance package. This will provide for the best level of protection for the Association.

Our goal is to keep you informed, and to protect the Association.

Attached forms:

- 1) Pay Request - for boards to use to authorize payment without completed paperwork by a vendor
- 2) W-9 - Request for Tax Payer Identification number

## Authorization to Pay Vendor

On occasion, a homeowner's association board may choose to use a vendor who does not have appropriate insurance or licensing. This is not recommended as it adds a risk for the association. The association should verify that they carry Worker's comp coverage as an association, which may help with liability protection.

Beven & Brock will pay any vendor the board may select. However this form must be completed (please print) and submitted to Beven & Brock, preferably before the vendor services have begun and prior to any expectation of remittance for job material deposits or job completion payments.

Legal Business Name of Vendor: \_\_\_\_\_

Billing/Remittance Address: \_\_\_\_\_  
\_\_\_\_\_

Vendor Email (Req.): \_\_\_\_\_

Bus. Owner Name & Cell Phone: \_\_\_\_\_

Office Phone: \_\_\_\_\_ Fax# \_\_\_\_\_

We give our **consent to pay** the named **vendor** and **acknowledge** that the **vendor will not provide** the **proof of legal business operation documents** which are check marked below:

- \_\_\_\_\_ Tax ID or Social Security Number (W-9 Form)
- \_\_\_\_\_ Proof of Current General Liability Insurance (Acord 25 Certificate)
- \_\_\_\_\_ Proof of Current Worker's Compensation Insurance (Acord 25 Certificate)
- \_\_\_\_\_ Proof of Current Business License (Establishes Independent Business Status)

Check only one: \_\_\_\_\_ This is a one-time approval to pay the named vendor.

Approved Dollar Amt. \$ \_\_\_\_\_ Invoice # \_\_\_\_\_

\_\_\_\_\_ Continued payment approval for named vendor unless notified by the Board.

Beven & Brock is relieved of any future responsibility to obtain this information.

On behalf of the Board of Directors: (Signed) \_\_\_\_\_

Print Signor Name: \_\_\_\_\_ Date: \_\_\_\_\_

Address of Property, or Full Legal Name of Association: \_\_\_\_\_  
\_\_\_\_\_

When complete, email a (pdf.) of this form and all vendor provided documents in their entirety to: [LisaM@bevenandbrock.com](mailto:LisaM@bevenandbrock.com) or via Fax: **(626) 236-4429** and by U.S Postal Service:

Beven & Brock Property Management Co.  
Attn. Lisa M.  
P.O. Box 7029  
Pasadena, CA 91109

## Request for Taxpayer Identification Number and Certification

Give form to the requester. Do not send to the IRS.

Print or type  
 See Specific Instructions on page 2.

|   |   |
|---|---|
| Name  |   |
| Business name, if different from above  |   |
| Check appropriate box: <input type="checkbox"/> Individual/Sole proprietor <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Other ▶ ..... |   |
| <input type="checkbox"/> Exempt from backup withholding   |   |
| Address (number, street, and apt. or suite no.)   | Requester's name and address (optional) |
| City, state, and ZIP code   |   |
| List account number(s) here (optional)  |   |

### Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. For individuals, this is your social security number (SSN). **However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3.** For other entities, it is your employer identification number (EIN). If you do not have a number, see **How to get a TIN** on page 3.

**Note:** If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

|                                |  |  |  |  |  |  |  |  |
|--------------------------------|--|--|--|--|--|--|--|--|
| Social security number         |  |  |  |  |  |  |  |  |
|                                |  |  |  |  |  |  |  |  |
| or                             |  |  |  |  |  |  |  |  |
| Employer identification number |  |  |  |  |  |  |  |  |
|                                |  |  |  |  |  |  |  |  |

### Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. person (including a U.S. resident alien).

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the instructions on page 4.)

**Sign Here**

Signature of U.S. person ▶

Date ▶

### Purpose of Form

A person who is required to file an information return with the IRS, must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

**U.S. person.** Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee.

**Note:** If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

**Foreign person.** If you are a foreign person, use the appropriate Form W-8 (see **Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities**).

### Nonresident alien who becomes a resident alien.

Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the recipient has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.