



BEVEN & BROCK

NEWS & VIEWS

for Homeowners Associations

March 2015

CELEBRATING HOA BOARD VOLUNTEERS!

BY DAVID F. BROCK, PCAM

In the vast world of volunteers that exists for many worthy organizations there is no greater volunteer, in my opinion, than Homeowner Association board members who serve as volunteer board members for their community. Association board members are not like the volunteers at the hospital, museum, church or the local school, who faithfully show up and serve. Why do I believe association board members are special? Because they live in the community in which they serve and many association board members make themselves available at a moment's notice to handle issues and problems in their community, sometimes at very inconvenient times of day and sometimes in the midst of highly charged circumstances.



Yes, I really believe HOA board volunteers are truly amazing and valuable.

For 41 years now, National Volunteer Week has been

CELEBRATING HOA BOARD VOLUNTEERS! continued on page 2.



NEXT HOA BOARD SEMINAR! APRIL 23, 2015

“Becoming a Remarkable Leader”

HOA boards face overwhelming challenges today that require leaders to move beyond operating as usual to becoming **remarkable and influential leaders of their associations**. To survive, individuals and organizations must let go of the past and embrace change in order to become more effective and successful leaders.

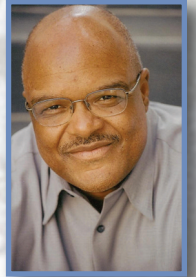
This seminar will examine five key skills necessary to become a remarkable leader by drawing on a unique set of skills to show how character, connection, collaboration, engagement and celebration can lead to more purposeful, and successful community association leadership.

This seminar will focus on the link between the leadership/follower connection and the need for strong leaders to overcome problems and conflict in developing successful communities. We will examine several practical techniques that demonstrate how to become a more successful community association board member.

Learn the five core skills and why they are so important:

- The difference between leadership style and leadership traits
- Inspiring others with your vision for the future
- Imparting a strong sense of ethics
- How to exert influence while avoiding micromanaging
- Ways to earn respect

We are honored to have Mr. Kevin Davis speak at the next HOA Board seminar on April 23, 2015. Mr. Davis is a frequent national speaker in the areas of HOA Leadership and Loss Prevention techniques for community associations. Mr. Davis has been the keynote speaker for the Community Association Institute at a number of national conferences. He has also served two terms on the National CAI Board of Trustees and is President of the Kevin Davis Insurance Services, Inc., currently the Managing General Agent for Travelers Insurance and is one of the largest writers of specialty insurance coverage for community associations in the country. His company currently insures over 40,000 community associations and is the largest writer of this type of insurance throughout the US.



To register for this free seminar: Call (626) 795-3282, ext. 886, or email: HOASeminars@bevenandbrock.com. When registering please provide the following: 1) Your name, 2) Association name, 3) Number of attendees, 4) your email or phone number. We will confirm back to you the exact location in Pasadena.

Doors open for the Vendor Expo at 6:30, and the seminar begins promptly at 7 PM. Please to come early for dessert, coffee and cold drinks.

WATER CONSERVATION BENEFITS OF DEEP WATERING

By Mark Meahl, Gardenview Landscape Maintenance

In the current period of severe drought restrictions, it is important to know that watering every day is not only expensive, it is also not recommended for fostering healthy growth for established plants. After new plantings have sent out roots and have been established it is strongly recommended that you encourage and train the root system of your plants to grow deeply. Everyday watering is one of the most common mistakes made. In over 35 years of business we have observed the results of everyday watering thousands of times and we have been hired on many occasions to correct the results of everyday watering.

Simply stated, encouraging deep root growth is universally accepted as good horticultural technique. When you water every day the roots have no need to go deep for water because they have what they need without the effort of growing downward. When you water daily the subsurface becomes saturated and no oxygen or bacteria can grow. This can kill existing roots and cause fungus and disease. The new roots that need to grow will not grow down into the over saturated soil. When the weather gets hot the surface is the first place to dry out. Even though there is water deeper in the ground the grass or plants dry out because their roots are only on the surface and not tapping the deeper water. This is when many people get caught in the catch-22 situation:

“If I don’t water the plants or lawn daily they dry out, if I water daily the roots don’t grow down.”

Another aspect of daily watering is that it encourages weed growth. Weeds (especially crabgrass) generally grow in the top layer of the soil. All seeds (including weeds) need constant moisture to germinate. If the top layer of soil dries slightly the weeds can’t get started but the grass or plants can survive off the deeper roots (unless all the roots are at the surface from daily watering). A weaker grass also provides less competition against weeds.

One of the biggest problems of over-watering is that trees also don’t develop deep root systems. The roots of older, more mature and larger trees may come to the surface looking for air. This can cause trees to blow over in the wind and will encourage more problems with roots and concrete driveways, walkways and other surface root problems. This problem is much more pronounced in poor draining soil. In addition to the shallow root problem the wet boggy soil reduces the stability of the trees in the wind even more. In well-draining fertile soil young trees (especially with fertilizer tablets installed) can grow too fast making them leggy and weak.

The disease known as “pink rot”, in the crown of Palm trees is often started and/or aggravated from the humidity caused by constant

WATER CONSERVATION: continued on page 4.

CELEBRATING HOA BOARD
VOLUNTEERS!: continued from page 1.

celebrated in April and this year April 12-18, 2015, has been declared as National Volunteer Week. This week is about inspiring, recognizing and encouraging people to seek out imaginative ways to engage in their communities. It’s about demonstrating that by working together, we have the fortitude to meet our challenges and accomplish our goals. National Volunteer Week is a time to celebrate people doing extraordinary things through service. Established in 1974, National Volunteer Week focuses national attention on the impact and power of volunteerism and service as an integral aspect of our civic leadership.

Beven & Brock would like to take this week to honor many, many HOA board volunteers who give faithfully and tirelessly to serve their community for no pay, and very little recognition.

We will be recognizing some very capable and deserving Presidents who have been nominated by the Beven & Brock managers at the next HOA Board seminar on April 23, 2015. In addition, the nominees and the winner of the “2015 Best President” award will be announced in the May 2015 News and Views newsletter.



The Good’s Insurance Agency
(888) 770-0505

robertgood@allstate.com
CA Insurance Agent #: 0735176

Specializing In Condo
Associations Under 25 Units



© 2013 Allstate Insurance Company.

71007



LAW OFFICES OF MICHAEL A. HEARN
— CONSTRUCTION DEFECT SPECIALISTS —

Over 35 years of Construction Defect experience
representing Associations and other Property Owners

FREE Initial Investigation Including:

- Site Inspection
- Document Review
- Full Report
- Consultation

949.341.0030 ∞ info@mhearn.com
www.michaelhearnlaw.com



**STEVEN G. SEGAL INSURANCE
AGENCY, INC.**

Over 33 years of experience specializing in:
Condominium Associations • Planned Unit Developments
Hard to Place Associations • Earthquake Coverage
High Rise Condominiums • Workers Compensation

Toll Free 800-345-8866 • Toll Free Fax 800-262-0973
Email: SSegal@farmersagent.com
www.farmersagent.com/ssegal • License #0E24660

RULES ABOUT RULES!

The creation of "Rules and Regulations" is an important, necessary and potentially challenging function for the HOA Board of Directors therefore it is important that board members

modifications need to be clarified in a far more specific manner in order to be enforceable.

There is some basic disagreement about the necessity of rules. Some board members feel that having an abundance of rules is best, and some feel that no rules, or very few, is the better way to go. The problem is that once you realize you need a rule it's too late. It can be challenging to develop a rule under these circumstances because the rule may be created so narrowly that it only fits the current situation. Rules take at



Is it time for some rules?

understand both the legal and practical issues involved in establishing and amending their rules.

The creation of strong and enforceable rules is necessary since the language in many association governing documents is often vague and difficult to enforce. An example of some language that can be found in governing documents is: "no noxious, illegal, offensive activities shall be carried on in any Living Unit, or in any part of the Project, nor shall anything be done thereon which may be or may become an annoyance or a nuisance to or which may in any way interfere with the quiet enjoyment of each the Owners of Living Units". The issues that many associations face, such as parking, pets, pool usage, noise and architectural

least 45 days to create, so it is best to foresee, as best you can, the need for certain rules.

The very act of making and enforcing rules can be contentious, so it is important that the board become familiar with the process of creating rules for their association to avoid problems with enforcement later. The primary goal is to create rules that are both reasonable, enforceable and not contradict the governing documents. The law requires that enforceable rules are those that are *in writing*, and are within the board's authority and are reasonable.

The process involved in the adoption of rules is the same regardless of whether you are adopting a set of rules for the first

Rules about Rules!: continued on page 7.

THE PRESIDENT of THE BOARD!

Every organization must have effective and strong leadership in order to function well. Without question, common interest developments that have a strong and cohesive board of directors in place are more successful, stable and healthy. The nature of homeowner association leadership is based on a board of directors that are elected by its members. Unfortunately, too many boards of HOA's are comprised of members who do not want their position, leaving the burden of responsibility to one, or sometimes, two board members.

In addition, the board, must have a leader who can lead the board well. The President of the association is clearly the most important position of the board and the leadership ability of the President will largely determine how successful the Association operates. Much like the conductor of an orchestra, the job

of President is to unite the performers and set the tempo. It is important to note, that as important the job of President is, the President does not have any more authority or power than that of any other board member. The President cannot individually determine



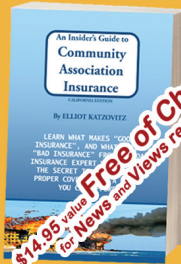
THE PRESIDENT of THE BOARD!: continued on page 5.

Western Rooter
 24/7 Emergency Plumbing Service
 \$175 Sewer Video Camera Inspection
 \$99 Main Line Drain cleaning
 • Free Plumbing Estimates •
(626)448.6455
 www.westernrooter.com
 Licensed & Insured
 Family Owned for over 30 years

Since 1978
Garden View
 Landscape Maintenance
 626.303.4043
 www.Garden-View.com
 Affordably Servicing
 HOA's with Pride
 in their Appearance

Since 1975
 Fully Licensed and Insured
 Lic. #872494
Ferris Painting
 "Painting Southern California One Building at a Time"
 Call for a FREE estimate!
 Greg Lewis
 O. (818) 951-3207
 F. (818) 951-5279
 greg@ferrispainting.com
 www.FerrisPainting.com

www.HOAInsurance.com/bookrequest



Insider's Guide to HOA Insurance
by Elliot Katzovitz



WATER CONSERVATION: continued from page 2.

water. Oak root fungus in oak trees and crown rot in trees and plants is either started from or exasperated by watering too often. When the ground is saturated worms and grubs often come to the surface; sometimes raccoons, skunks and other critters will dig up grass and ground cover looking for this food.

In fall and winter the roots are still growing but the top of the plant is growing minimally. This is the best time to encourage deep roots by watering as long as reasonable and as seldom as possible. When the surface soil gets a little dry the roots start growing downward looking for water. During fall and winter we have less chance of stress on the plants from under watering because the weather is usually favorable (less hot days and less drying winds causing wilt in the plants).

Encouraging deep root growth is a balancing act that is complicated by many factors including but not limited to new landscape, soil types, existing roots from trees and shrubs, plant types, plant groupings, prior watering techniques, sprinkler systems, shade, sun, slopes, drainage

systems, changes in the weather and numerous other issues. Water penetration depends on soil. Sandy soil absorbs water much more quickly than clay soil. Check your soil for absorption. Several short watering periods done the same morning are more efficient in most cases than a single long watering. Instead of having one 10 minute watering time, change the watering time to 3-4 minutes and instead do three start times for each cycle, one after another.

The key is to water deeply enough that the roots grow downward for the water. Be careful though, if the plants are allowed to dry out too much the feeder roots may die setting the process backwards.

Healthy and well-cared for landscaping is an investment as it definitely adds to value and overall curb appeal. It is recommended to always use the services of a knowledgeable and licensed landscape contractor. Many contractors will utilize workers that do not have knowledge in these matters to perform the regular upkeep functions. However the contractor should be available to walk the property periodically to check on the health of your investment.

Contractor
#955785 B1, C39

DKH
CONSTRUCTION
& ROOFING

Full Service Roofing Tile, Shingle, and Hot Mop

Contraction All Phases: Designing, Fencing, Concrete, Remodels, Windows, Doors, Decking, Wrought Iron

562.927.8045

DENNIS
EMERGENCY RESTORATION
From beginning to end we get it done
WATER • MOLD • FIRE

Water Damage Restoration
Mold Remediation
Fire Damage Restoration
Reconstruction
24/7 Emergency Response

Yalmar Martinez
626-660-8601
Licensed Insured Bonded

800-995-5510
www.dennisrestoration.com
info@dennisrestoration.com

ANNUAL FINANCIAL REVIEW REQUIREMENT

Every Homeowner Association with income in excess of \$75,000.00 per year is required by the Davis-Stirling Act to have an independent CPA conduct a "review" of the financial statement of the association each year. Fortunately, the requirements of a review are less than those of an audit. While this is only a requirement of associations with incomes greater than \$75,000, every association should be concerned that their books are being handled properly. The potential for improper financial activity can still exist in small and self-managed associations, in fact the risk may be greater. If all of the accounting functions are handled by one board member and no

statements or bank reconciliations are being provided to the other board members, there is a much greater opportunity for theft of association funds. At a minimum, quarterly financial statements are legally required to be provided to all board members. Some of the more common abuses are an owner (often the Treasurer) not paying their own assessments, or bills being paid that cover more than just the common area, such as individual units. According to CPA's who provide this type of review, there are some common problems that occur in the process of a review. They are as follows:

- Boards do not sign the engagement letters and/or letters

of representation.

- Boards have reserve statements mailed to their residences. The official address for the corporation is where the Agent for Service of Process resides. That is usually the management company's address. There is absolutely no reason for any official correspondence to be addressed to a personal residence.
- Board members purchase items themselves and expect reimbursement. On the whole, associations are corporations and should be treated as such. Coffee and cookies are about the only items requiring board members' purchase.
- Boards pay for reserve studies

ANNUAL FINANCIAL REVIEW REQUIREMENT: continued on page 8.

anything, and the President has only one vote.

First let's look at the unique role of the President and then we will examine the skills and qualities required of a great President.

1) The President must focus on the big picture for the association. This includes understanding the needs and goals of the association, and keeping the board on track to address them at meetings.

2) Schedules meetings and determines the Agenda for all meetings of the association.

3) Chairs the board meeting, keeping the discussion on subject, and not allowing tangents to develop. The goal of every meeting is to make decisions. The President should work to make sure that all members receive and review material regarding the decisions to be made, prior to the meeting.

4) Manages the board, not the association, unless there is no management company. The job of the President is to delegate to each board member areas of responsibility ideally consistent with their strengths and abilities. In managing the board, the President should make sure that the board is comprised of active and committed board members with each board member having a job to do. The President must be sure that all board members are functioning in their assigned position while being careful to not do their work.

5) The board President is the official spokesperson for the association and represents the board and association to third parties, usually vendors, unless this is delegated to another board member. It is very important that only one member be the contact with management and other vendors, so that the board always speaks with one voice.

6) The President should be the first to recognize when outside

help is needed such as legal or other technical advice.

7) One important issue for every association is the recruitment of new board members to serve. The President should always be thinking about recruiting and training future board members and encouraging this with the board members.

The President of an Association should not be new to the board.

It is always best to be trained for this position, and the best training comes from serving in another position on the board first. Board service on another HOA board or the board of a non-profit is also good training. A first year board member who immediately becomes President is usually not best for the association.

The best board Presidents come from a career in law, or management of a number of employees or staff. A business background is very helpful, since the association should be run like a business entity.

The qualities of a good President include being organized, an ability to see the big picture as well as the ability to create a team spirit. Good Presidents don't get involved in the minutiae but delegate those to other board members, or a committee. In addition, excellent communication skills, both written and verbal, are important.

In closing, the position of association President is not for everyone and if there are no natural leaders in your association, there is training available.

Leadership skills can be acquired.

Hopefully, in your association the President is the leader that inspires confidence and earns the respect and trust of your owners.



TIMOTHY CLINE
INSURANCE AGENCY, INC.
Specializing in Association Master and Earthquake Policies
www.timothycline.com
(310) 260-2900 ext. 25
CA License #OC10844



State Farm
John R Sinner Ins Agcy Inc
John Sinner, Agent
Insurance Lic#: 0589670
Bus: 626-576-1078 Toll Free: 800-516-1078
www.johnsinner.com



LA's Premier Commercial Roofer



- Leak Repairs
- Roof Restoration
- Roof Replacement

Over 5 Decades of Superior Service
888-766-3748 • www.sbrroofing.com

Advertise Here
If Your Company can provide excellent customer service and specializes in HOAs contact
Roman Esparza
at (626) 243-4158
roman@bevenandbrock.com

Reserve Studies for Community Associations



ASSOCIATION RESERVES
Est. 1986
Over 30,000 Reserve Studies nationwide

- Save money with our 3-year plan
- Access your Reserve Study online
- Video explanation of results
- Free Disclosure Form preparation



Request a Proposal Today!
www.reservestudy.com | (800) 733-1365



the path to **BETTER PAINTING**
COMMERCIAL SERVICES

- HOA community specialists
- Excellent customer service for a painless experience
- Proven painting processes to make projects quick and efficient
- Complimentary color consultations
- All size jobs • Exterior, Interior and Common Areas

certapro.com/pasadena | bmauser@certapro.com
866-591-9270
Each CertaPro Painters® business is independently owned and operated.

ANNUAL TAX RETURNS REQUIREMENTS

Common Interest Developments typically are nonprofit mutual benefit corporations and are not subject to property taxes, however they must file income tax returns both with the California's Franchise Tax Board (FTB) and with the Federal Internal Revenue Service (IRS) and, if necessary, pay taxes. Failure to file returns could result in penalties, back taxes and interest.

Incorporated common interest developments must pay a minimum annual corporation tax of \$800.00 unless they receive an exemption by filing FTB Form 3500. If granted, HOAs are still required to annually file Form 199 and pay taxes on net non-member income.

According to Timothy Bradley, CPA, the most common mistakes in tax preparation are when board members choose to utilize tax preparation services that are commonly used by individuals in filing the association returns. It is not uncommon to find that these returns are completed improperly.

There are two different forms that homeowner associations may utilize in filing the annual return, the 1120 and the 1120H. Form 1120 is the regular corporate filing with a 15% tax rate on the first \$50,000 of taxable income. This return is more difficult to prepare and requires associations to use more restrictive accounting procedures during the year. It also has a higher audit risk. If an association files tax Form 1120, any excess assessment (i.e. budget surplus) at the end of the fiscal year must be applied to next year's assessments or refunded to the membership, according to Revenue Ruling 70-604. If the money is applied to next year's budget, members must approve an "excess income resolution".

The 1120-H form is specific to associations, is easier to prepare, and has a lower audit risk. It applies a 30% tax rate to all non-dues income, such as interest earnings, laundry income and rental income. This filing does not

require the "excess income resolution".

According to Bradley, homeowner associations should not be filing the corporate return Form 1120, rather, the Form 1120H, which is appropriate in 99% of the cases. The 1120 opens up the association to greater tax liability and associations that file using this form do so in the belief that Revenue Ruling 70-604 represents some kind of protection, but it does not.

In addition, California requires the completion of California Form 100. If an association has more than \$100 in non-membership income, a return must be filed with the State at the same time as the Federal filing. Failure to file Form 100 can result in the suspension of the corporation.

Tax returns must be filed within 75 days of the end of the association's fiscal year. The deadline may be extended for six months by filing the appropriate form. Boards should seek the advice of a CPA who specializes in HOA's when it comes to preparing and filing the association's income tax returns.

While this task is necessary and important, this process doesn't have to be complicated. It is best to keep this and all board functions as routine as possible and it is always best to keep the same accountant from year to year providing they are qualified and performing well for the Association.

Form 1120-H	U. for H
Department of the Treasury Internal Revenue Service	► Information about Form 112
For calendar year 2014 or tax year beginning	
TYPE OR PRINT	Name
	Number, street, and room or suite no. If a P.O. box, st

TAX FILING REQUIREMENT

Assembly Bill 2754 was passed on September 19, 2014 by the California legislature. This new law requires that forms 100 and 199, the two state forms used by homeowner associations, are to be e-filed. This law is effective for 2014 returns and beyond.

There was obviously little planning available as this law was passed so late in the calendar year. Many CPAs are still unaware of this requirement and procedures will have to be established between CPAs, associations, and management companies. This legislation failed to take into account that Form 1120H, the most commonly used federal return filed for associations, cannot be e-filed. So, a federal return must be filed using the postal service, and state returns must be filed using electronic means.

On-line waivers can be requested, but this process is very onerous. The penalty for failing to e-file is \$100 per return (for each of the 100 and 199), and will increase to \$500 per return thereafter. However, the only good news is that this penalty will be waived for the next two filing years (2014 and 2015 returns).

In order that a return be e-filed, an authorization must be obtained by the CPA from the client. This is akin to a signature on the returns. Procedures must be developed so that these authorizations are received timely. Over the coming months be sure to speak with your tax preparer, or request that your management company handle this for you so that procedures are in place which will ensure that these changes are implemented seamlessly.

RHO Richardson • Harman • OberSM

Representing Community Associations throughout Southern California

- ◆ ASSESSMENT COLLECTION ENFORCEMENT
- ◆ OCCRS AMENDMENT
- ◆ CIVIL CODE COMPLIANCE
- ◆ CONSTRUCTION DEFECT RECOVERY
- ◆ CONTRACT DRAFTING & ENFORCEMENT
- ◆ EMPLOYMENT PRACTICES
- ◆ GOVERNING DOCUMENT ENFORCEMENT
- ◆ LITIGATION & DISPUTE RESOLUTION
- ◆ MAINTENANCE & REPAIR RESPONSIBILITY
- ◆ POST-JUDGMENT COLLECTION ASSISTANCE

CLASSIC VALUES...
Creative Approaches

PASADENA ORANGE COUNTY RIVERSIDE

1 (877) RHOA-LAW
1 (877) 446-2129 www.RHOPC.com

time, or amending existing rules. The first step involves the board discussing the potential rules at an open meeting. This must be announced on the Agenda and posted in the common area prior to the meeting. It is not possible to have a board member propose a rule spontaneously at a board meeting. Once properly announced on the agenda, the board should deliberate the potential rules and draft the rules in a format that can be approved and enforced.

In drafting rules, consider writing them in a way that explains the need for the rule.

Avoid beginning a rule with the words “Don’t” or “Never”.

As the first sentence of the Rules, try to begin with a statement such as: *“The Happy Camper Homeowners Association values a high quality of life that includes mutual respect between the residents as well as an increasing sense of value in our community. We believe that property values are best maintained when owners understand how best to use the shared common areas and how personal choices may affect our neighbors who live in close proximity to each other.”* Rules are a form of education and should encourage good behavior and not send the message that there is no fun or enjoyment allowed.

Once the board has drafted the proposed rule(s), the board must then provide a written notice of the rule(s) to the owners by first class mail. The notice must include the text of the proposed rule and a description of its purpose and effect. This must be done thirty days before the board can officially vote to adopt the new rule(s). At the conclusion of the 30 day notice period, the board must meet to officially adopt the rules in an open meeting. At this meeting, owners who have opinions about the rules may speak to the board during the Open Forum portion of the meeting. The board members

should listen carefully so that the comments can be discussed after the Open Forum. Owners who take the time to attend a board meeting and speak to a rule change may have some good points, and the board should consider the points made prior to approving the rules. If the board determines a change in the rule is necessary after listening to the owners, the amended rules need to be redistributed to the owners for another 30 day review period. After the thirty days are over, the board can then approve the rules.

The final step in this process is that the approved Rules must be distributed to all owners within 15 days of adoption. This step, as well as the prior step of notifying owners should be done by First Class mail. Additionally, the Rules are required to be sent to all owners each as a part of the newly required “Annual Policy Statement”.

The board should follow all of these steps in this process which will help to support the board in the enforcement process in the future. If done correctly, it strengthens the board’s ability to enforce the rules. The owners have one last say in this process that the board should be aware of. If five percent or more of the membership object to the rule change, they may demand a membership meeting to vote upon reversal of the rule(s).

The board also has an ability to approve an “emergency rule” and by-pass this process if a rule is necessary to avoid imminent threat to health, safety or to avoid substantial economic loss. Such a rule can only be in effect for up to 120 days, and may not be renewed.

One final important aspect of rules development is the “fine policy” which must be included in your rules in order for them to be enforceable. Without a fine policy, the rules are void. Owners should know what the penalty is for each violation. Similar to the rules themselves, the fines should be reasonable and “fit the crime”. Excessive charges for minor infractions will likely not be held to be valid by a court if challenged. Many associations adopt an

escalating penalty system which is appropriate. It is a good idea to provide for an initial warning, with no penalty. Thereafter, the fine for the 2nd offense may be \$25.00, \$50.00 for the third offense, and \$100.00 for subsequent violations. The goal is to encourage compliance, not to increase revenue for the Association.

Rules are usually necessary for most every association, but they should never cause the community to become a place of suspicion and hostility but rather an environment where a strong sense of community is created. The process of developing rules is a balancing act of creating a strong and healthy community while at the same time keeping owners in check who think they purchased a single family home and have complete freedom to do as they wish.

Qualities of GREAT PRESIDENTS!

- Proactive
- Observant
- Professional
- Organized and thorough
- Delegates well
- Thinks of the association first
- Decisions - guides the board in making well-reasoned decisions
- Leads and holds regular meetings that are run smoothly
- Interacts well with others and defuses arguments rapidly between homeowners.
- Knows the homeowners in the community.
- Follows the law and good business practices
- Takes tangible steps to improve the value of the property.
- Fosters mutual respect on the board
- Communicates with and seeks advice from the association manager and attorney
- Participates in educational classes

and then don't follow the professional guidance in the studies.

- Boards are reluctant to write-off delinquent assessments for units foreclosed years ago. Once foreclosed, write them off. The accounting system should reflect reality. Writing off foreclosed delinquencies does not mean that the collection process necessarily ends.

- Do not use vendors who don't carry Workers compensation and liability insurance. One workers' compensation claim can ruin an association.

- Budget in the best interests of the association, not just to keep assessments low. Eventually the special assessment will be needed.

- The Civil Code requires that each and every bank statement be reconciled (including reserve statements) at least quarterly. Using the out of sight, out of mind mentality, there is little follow up

when statements have not been received for months. Note: this is easily resolved if all statements are sent to the management company.

- Next, board members expend association monies and "verbalize" the transaction. No activity should ever be recorded without an invoice and a bank statement.

Board members should always remember that they have a fiduciary duty to the association, which includes acting in a "best practices"

This review shall be distributed within 120 days after the close of the fiscal year. Board members and owners should pay particular attention to any opinions expressed by the CPA as a part of the review. The distribution of the report may be done by email if the owner has agreed to that method of delivery, or by first-class mail.



This Newsletter is circulated for general informational purposes as a public service and promotion by the Beven & Brock Property Management Company. The contents are the opinions of the firm, or the authors, and not intended to constitute legal advice, and should not be relied upon for that purpose. If you have a legal issue related to a subject of this newsletter, you should consult the California Civil Code and your attorney. The paid advertising in this newsletter is provided as a courtesy to our readers and does not constitute any endorsement by Beven & Brock. The advertisers provide their services to HOA's and some may have provided services to Beven & Brock's HOA clients in the past.

