

Community Associations Copy Service

FREE content for homeowner and condominium association newsletters

A Member Service Provided by Community Associations Institute

Volume 4

About this service:

Community Associations Copy Service articles are written for homeowner readers. They are provided quarterly to CAI members to copy and paste into newsletters, other documents, and community association websites. You may edit this copy to suit your circumstances. These articles are *not* copyrighted—you may use them as much as you want and in any way you wish.

This is not a newsletter; it is free copy you can add to newsletters and other information distributed to homeowners and residents in your community. For more information on any of these topics, please go to www.caionline.org.

These articles can be used to:

- Educate homeowners about common association functions and issues
- Support budget increases or board decisions
- Explain why a particular project is being undertaken
- Provide background information
- Augment other articles you have written or use as stand-alone stories

We hope you benefit from this CAI member service and welcome any [feedback you may have](#).

Topic: Resources/Websites
Suggested title: Government Support is One Click Away
Word count: 220

You've probably heard the old joke, "I'm from the government, and I'm here to help you." While there are times most of us would agree this is a contradiction in terms, government agencies do provide an unlimited variety of free advice, guidance, and information, and most of it is now just a computer click away. Sometimes, however, finding what you need when you need it among the millions of websites that populate the Internet can be daunting.

For those times when you need some help, there is one website you should put on your computer desktop or save in your browser. It's the U.S. government's official web portal: First Gov.gov. The index for this website is located at www.firstgov.gov/index.shtml. The information is arranged by topic and includes consumer guides, family home and community, money and taxes, public safety and law, voting and elections and many, many more.

The website also provides a convenient resource called "Get It Done Online," an alphabetized list of government services you can access from your computer. This resource connects you to more than 100 tasks you can do via computer, including replacing vital records, contacting elected officials, getting or renewing passports, renewing your driver's license, even shopping government auctions.

Perhaps best of all, you can find links to our own state and local agencies. That's at www.firstgov.gov/Agencies.shtml.

Topic: Safety
Suggested title: Reduce Threats to You and Your Children
Word count: 175

Countless accidents, injuries, and deaths occur in and around the home, and our community is no exception.

Our children are often at the greatest risk—even when we do everything we can to protect them. According to the U.S. Consumer Product Safety Commission (CPSC), there were 20 deaths and more than 200,000 toy-related injuries in 2005 alone, and that's just counting injuries treated in emergency rooms. Nine of the deaths occurred when children either choked on a toy or aspirated an object into the lungs. Several died as a result of accidental strangulation.

To reduce these and other tragedies, CPSC provides information that can help you and your family avoid some of the more common threats. CPSC publications cover topics like safe practices pertaining to toys, children's furniture, clothing, cribs, electrical devices, home heating equipment, household products, poison prevention, pools and much more. CPSC also offers information on holiday safety, indoor air quality, and safety for older Americans.

Let's all take extra precautions this holiday season. Free, downloadable information on these and other safety topics is available at www.cpsc.gov/cpsc/pub/pubs/pub_idx.html.

Topic: Finances
Suggested Title: Working to Protect Your Money
Word Count: 165

One of the most important responsibilities of the board is to manage the association's funds—your money. We take this responsibility seriously; these are the procedures we insist on to protect your money:

- Association financial records are audited annually by a certified public accountant.
- Bank statements are reconciled promptly each month.
- The balance sheet and profit and loss statement are reviewed each month, and expenses are compared to the budget each month.
- Association reserve accounts are analyzed annually to ensure they are adequate for future needs.
- The association has an investment policy that safeguards the principle of invested funds, a signature policy that safeguards operating funds, and a collections policy that safeguards cash flow.
- All association volunteers and personnel who have access to association funds are bonded.
- Kickbacks are prohibited and any possible conflict of interest must be disclosed.

- Checks and balances are in place to ensure the safety of association funds—such as requiring two signatures on all checks.

Topic: Committees
Suggested title: How the Budget Committee Works
Word count: 400

The budget committee comprises members of our community association, which enables residents to have a say in how their money is spent. How does the budget committee work and who serves on it?

The Treasurer’s and Accountant’s Roles

It makes sense for the board treasurer to chair the budget committee. As chair, it’s the treasurer’s job to keep everyone on track as the budget is prepared. The treasurer also presents the budget for approval to the board and members. If the association works with an accountant, he or she may offer consulting, but the accountant really has no significant role in the process of devising the budget.

Who Should Be on the Committee?

The owners who serve on the budget committee should represent a cross-section of the community. Of course, if there are members willing to serve who have expertise in areas such as insurance, that’s even better. When it comes to size, a good general guideline is that the committee shouldn’t be so large that it becomes unwieldy.

What the Committee Does

The treasurer will make sure that all committee members understand the three basic components of the budget:

1. Funds needed for daily operation of the community, such as common electricity and water, grounds maintenance, management, insurance, and general maintenance. These expenses are either contractual or can be reasonably estimated based on experience. An important consideration when looking at items in the operating budget is the expectations of the community—for example, do members want a landscaper who is a “blow, mow, and go” type, or do they want a landscaper who provides a higher level of service?
2. Funds needed to maintain our reserves at sufficient levels. Reserve funds provide money for the repair and replacement of the community’s assets—such as the pool, roofs, pavement, etc.

3. Funds for additions or enhancements to the existing property. This is a function of what members of the community want and are willing to pay for. The community should provide input and approval for this component.

Armed with this knowledge, the committee will estimate total expenses for the coming year and compare that sum to the association's potential revenue (assessments, interest on investments, concession income, and so on). If expenses are greater than revenue, the committee will look for ways to lower expenses without compromising service. If that doesn't balance the budget, the committee may have to make a tough decision—whether to increase assessments or levy a one-time special assessment.

Topic: Governance
Suggested title: Homeowner Rights & Responsibilities
Word count: 230

As a homeowner in our association, you have certain rights—and responsibilities.

You have the right to . . .

- A responsive and competent community association.
- Honest, fair, and respectful treatment by community leaders and managers.
- Attend meetings, serve on committees, and run for election.
- Access appropriate association records.
- Prudent financial management of fees and other assessments.
- Live in a community where the property is maintained according to established standards.
- Fair treatment regarding financial and other association obligations, including the opportunity to discuss payment plans and options before the association takes any legal action, and the right to appeal decisions.
- Receive all rules and regulations governing the community association—if not prior to purchase and settlement, then upon joining the community.

You also have the responsibility to . . .

- Maintain your property according to established standards.
- Treat association leaders with honesty and respect.
- Read and comply with rules and regulations of the community and ensure that your tenants and guest do too.
- Vote in community elections and on other issues.
- Pay association assessments and charges on time.
- Contact association leaders or managers, if necessary, to discuss financial obligations and alternative payment arrangements.
- Request reconsideration of material decisions that personally affect you.
- Provide your current contact information to the association so you receive all information from the community.

Topic: Contractors/Attorneys
Suggested title: About our Association Attorney
Words: 120

Our community association retains an attorney who specializes in community association law. Attorneys serve associations in several important ways that protect and enhance each member's assets.

- Provide legal opinions: Advise the board in all matters pertaining to the association.
- Review documents: Review governing documents, rules proposed by the board, and contracts with service providers.
- Educate: Attend meetings to answer questions, explain concepts or documents, and provide information to homeowners or board members.
- Collect delinquent assessments: Write and send routine demand letters, file liens, process foreclosures, litigate if necessary.
- Enforce deed restrictions: Write and send routine demand letters, file lawsuits, litigate if necessary.
- Litigate: For collections, to enforce deed restrictions, to defend the board.

Topic: General/Statistics
Suggested title: Community Associations by the Numbers
Words: 175

Community associations are Big Business, consider the following:

- More than 1.7 million volunteers serve as members of their community association board and another 400,000 participate as committee members. There are 230,000 annual association meetings with democratically conducted elections and another nearly 2.5 million board meetings during the year in which owners debate and shape their community's future. To assist boards, more than 1.4 million committee meetings are held each fiscal year. The value, in the year 2000, of this volunteer participation was nearly \$275 million. The dollar equivalent for volunteer time, using data from the 1998 Economic Report to the President, is \$15.39/hour volunteered.
- Community association boards supervise the collection of more than \$34 billion in annual assessments and maintain investment accounts of another \$35 billion reserves.
- Associations provide shelter for nearly 60 million individuals in homes that have an estimated resale value of almost \$2.5 trillion.
- These owners spend another \$25 billion on internal home improvements and an estimated \$85 billion on mortgage interest and real estate taxes.

Topic: Renting
Suggested title: Tips for Successful Renting
Words: 500

Approximately four in 10 homes in suburban America are occupied by renters. If your unit is one of those homes—or about to become one—here are a few tips that will help you, your renters, and the association.

- **Talk to the Manager**

The association manager can give you important information about what the association requires of owners and renters and tips about the rental process that will be very helpful, especially if you're leasing for the first time. The manager has sample leases you can use and copies of the association rules to give to your tenants.

- **Check the Documents**

Make sure you comply with the association's governing documents—the bylaws and CC&Rs. They may contain special requirements for nonresident owners who lease their units.

- **Educate Prospective Tenants**

Be sure to inform prospective renters about the special considerations of living in a community association *before* they sign a lease. The association will be happy to give you a copy of the rules to pass along.

- **Use a Lease Addendum**

No doubt you'll have your renters sign a lease. Please attach an addendum to your lease that covers the specifics of the community association and require renters to adhere to association rules. This is very important because it gives you and the association a means of enforcement. A good lease or lease addendum should support the community by:

- Requiring the tenant to obey the bylaws, rules, and regulations of the association. (Attach copies!)
- Requiring the tenant to pay fines for association rule violations.
- Requiring the tenant to vacate if community association regulations are repeatedly violated.

- **Keep the Association Informed**

Once the lease is signed, give a copy to the association manager or a board member. The more information you provide about your renters, the more successful they will be in our community. Please provide the following information to the association:

- Renter's name (and children or roommates) and phone number.
- Renter's email address, employer, or other pertinent details.
- Renter's vehicle description and license plate numbers. This will allow us to provide parking information.
- The number and type of pets, if any.
- Your forwarding address and phone numbers.

- **Encourage Tenants to Participate in the Association**

Be an advocate for your tenants with the association. Make sure they have access to the recreational and parking areas and that they have the keys and passes they need. Please give them the name and phone number of our association manager.

Even though tenants have no vote on association matters, they are an important part of our community. Make them feel welcome, provide information that will familiarize them with the association, and encourage them to participate in community activities whenever possible. Today's renters may be tomorrow's owners—or even board members. The more we all do to promote a sense of belonging for renters, the more positive and successful the leasing experience will be for everyone.

Topic: Finances/Assessments
Suggested title: Assessments as Important as Mortgages and Taxes
Word count: 175

When you sit down to pay your bills each month, do you consider your association assessment a low priority? If so, think again.

According to the National Consumer Law Center's (NCLC) *Guide to Surviving Debt*, "Condo fees...should be considered a high priority." In fact, NCLC considers community association assessments in the same category as mortgage payments and real estate taxes—a category ranked second only to feeding your family—according to the *Guide's* "Sixteen Rules about Which Debts to Pay First."

Assessments pay for services like building maintenance, snow removal, and cleaning that you would pay no matter where you lived—either as direct out-of-pocket expenses or indirectly in a higher rent payment. But the association has collective buying power, so when all services and utilities for everyone in the community are passed along to you as a monthly assessment, you're actually getting a bargain.

So, next time you get out your checkbook, remember to put your assessment near the top of that stack of bills. You'll be glad you did.