

# HOA Checklists:

## **Your Road Map for an Entire Year of Homeowner Association Operations**

An Exclusive Special Report  
from [HOAleader.com](http://HOAleader.com)

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## About HOAleader.com

HOAleader.com's attorney editors and experienced journalists constantly research the latest developments in HOA law affecting homeowner and condominium associations across the U.S. Then we publish plain-English analyses of what those developments mean to you as an HOA leader, and what you need to do now to comply with HOA laws, steer clear of legal trouble, avoid or resolve conflicts within your homeowners association, make HOA management easier, and safeguard your community association's property values and quality of life.

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The screenshot shows the HOAleader.com website. At the top is the logo with the tagline 'THE PRACTICAL GUIDE TO HOMEOWNER ASSOCIATION MANAGEMENT'. A navigation bar includes links for Home, Browse by Topic, Discussion Forum, Research, Search, and Member Log in. The main content area features a large orange sidebar on the left with a sign-up form for a 'FREE HOAleader Tip of the Week' and a search box. The central article is titled 'Practical Advice for Condominium and Homeowners Association Leadership' and lists target audiences such as board members, association committees, and professional managers. It offers a 'Start Your Free 7-Day Trial' and a 'Browse by Topic' link. On the right, there are sections for 'FREE WHITE PAPERS' (with a link to 'HOA Finances') and 'SPONSORED LINKS' (featuring 'Comprehensive community management solutions' and 'RealManage').

# A Message from the President

Dear HOA Leader,

This report is intended to be your road map for an entire year of operations that you can begin using today and turn to for years to come. It provides you with checklists compiled by our editorial team with substantial input from experts on HOA operations and management from across the country to ensure you're steering your association in the right direction and not letting crucial issues slip through the cracks.

Here's what you're getting:

- A checklist of 13 administrative issues you need to handle annually
- A 11-point checklist to help you fulfill your financial and budgeting responsibilities
- A 4-point checklist to follow when you're assessing whether your governing documents are current and effective
- A checklist with 7 ideas to oversee maintenance, reserves, and insurance matters
- 6 tips and questions to ask to determine whether you're meeting your owners' needs and concerns
- An overview of why you need an annual calendar, along with a sample annual calendar
- A quick-reference guide summarizing 22 things to do every year
- An at-a-glance guide to help you evaluate your financial reports

Here we strive to provide you with useful information you can easily deploy in our characteristic clear, plain English.

As always, when it comes to issues of legal compliance for HOAs, it is important to remember that each state has its own rules, and you should consult with an attorney or other professional as to the appropriate steps for your specific situation.

Our goal for this report, as for all [HOAleader.com](http://HOAleader.com) information products, is to help make your association a better run organization and help make you a better leader for your community. I am confident that you will find concrete ideas you can put to work in your condo or homeowners association.

To find more HOA governance tips, visit [HOAleader.com](http://HOAleader.com) today.

Best regards,



**Matt Humphrey**  
President/Founder

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# HOA Administration: 13 Things to Check Every Year

As with any legal entity, you need to ensure you oversee and attend to all the administrative requirements that go into proper operations of your condo or homeowner association.

"In part, your responsibilities dependent on the scope of your association," says [Elizabeth White](#), a shareholder and head of the community associations practice at the law firm of LeClairRyan in Williamsburg, Va. "Boards, managers, officers, and employees turn over at community associations. If you don't have things written down somewhere, the likelihood is that sooner or later things are going to be missed. And the broader the responsibilities of the association, the more likely something will fall through the cracks.

"We represent a master-planned community with 20,000 residents whose manager turned over," adds White. "The new manager is asking a lot of questions and finding that the previous manager didn't some things get done."

White says when she has association clients that are receptive, her firm goes over all the policies boards should be proactive in putting in place now to avoid problems later. "Here in Virginia, associations are a regulated industry," she explains. "It's confusing."

State laws vary, so definitely be sure to give your state's statutes a once-over. Here's a checklist of the administrative issues your board may need to oversee.

**1. Your corporate status.** To remain in good standing, your corporation typically has to pay a fee and file with a state agency some form of documentation, which your state law will specify. "First things first," says White. "One of the most important things to do from a risk-management perspective is to maintain your association's corporate status in good standing. Most states charge an annual fee for the privilege of being incorporated. Often, you have to file a report and make sure the fees are paid."

What's the big deal if your status lapses? Well, you're at financial risk—personally. "In Virginia and most states, every member of an unincorporated association has joint and several liability for any debts, judgments, or claims that come in," explains White. "So that incorporated status is of utmost importance." (See more articles about [avoiding personal liability as a board member](#).)

**2. Your registered agent designation.** Your association is also probably required to designate a registered agent—though different states may have different names for this role. "Legally, you're required to maintain a registered agent in the state to be the designated person who receives official notices from the state on the association's behalf," says White. "It's very likely you must have a registered agent, and you must also comply with state laws as to who that person can be. In Virginia, it's an attorney or a current officer or director on the board.

"I serve as the registered agent for about 200 associations, and our team probably

serves for thousands,” says White. “Just maintaining that is a lot of effort—the notices that come in from the state on associations that have failed to file their annual report, and the association is about to lose its nonprofit status. Many volunteers treat that so cavalierly because they don’t understand how important it is. Maybe they filed the report but didn’t pay the \$10 fee. I’m dealing now with an association whose corporate status was rescinded, and they were outside the window of time to be able to easily fix it. They filed the annual report and hadn’t paid the \$25 fee or the \$10 late fee. Now they’re going to spend a lot of money to reinstate the corporation.”

Another fee is often necessary for the registered agent. “Amazingly, some associations don’t realize they need to pay the registered agent,” says White. “They need to make sure they’re current with their registered agent.”

**3. Professional licenses.** Does your association or its manager have to maintain any licenses? Many states now license community association managers. If so, are all the necessary licenses current?

**4. Association registration.** Is there a state body overseeing community associations with which you have to register or file documents? “In Virginia, we have what’s called the Common Interest Community Board, which associations have to register with,” says White. “In the states where the association has to maintain a license, there are other fees and other reports that have to be filed as well. Many board members in Virginia don’t realize they have to file a separate report in several different places.”

**5. Association policies.** Does your state require you to adopt any specific policies at your association? Are those policies current?

“In Virginia, the CIC board requires associations have to have certain policies in effect,” explains White. “You have to have a complaint policy, and there are strict criteria governing what that policy has to contain. Making sure all the policies you’re required to enact are in place. If they’re already in effect, check whether the governing bodies have enacted any changes that would require your existing policies to be tweaked.”

**6. Your governing documents.** Many [governing documents](#) and state laws require associations to provide disclosure packages to new owners and lot owners who request it, explains White.

“Make sure you have a full complement of your governing documents,” she says. “Sometimes boards turn over and managers do, too, and not all the governing documents are turned over, so make sure you have everything. If you’re in a [master-planned community](#), you’ll have the master documents, and maybe you’ll have 31 neighborhoods. Make sure you have 31 supplemental declarations. If yours is a condo association, those documents will be dependent on the plats and plans recorded, so make sure you have all those.”

Pay attention to all the documents you need to compile. For example, White says sometimes managers get behind in drafting [minutes for HOA board and committee meetings](#). Seems like no big deal. But it is. “That can be problematic in Virginia,” she says. “There’s a very specific time in which the board has to create and provide meeting minutes as part of the disclosure package that has to be provided to every new purchaser.”

**7. Your annual calendar.** It's really wise to create a calendar or checklist of all the things your documents require you to complete. When White gets a new community association client, no matter the problem the association may have contacted her to handle, she reads the governing documents, taking notes and creating a timeline, and she recommends boards and managers do the same.

"Make sure there's a checklist attached to each document that lists when you have to do what and by what date," says White. "Managers should be doing the same thing because they have to put those documents into action.

"It's impossible to say what each checklist should include, but it's typically things like annual meeting notices, and then you translate that into a calendar," explains White. "I have one board that, per its articles of incorporation, has to meet six weeks prior to an annual meeting to verify the number of board seats open. It's just really a formality, but they need to do it or their failure may call into question the whole [validity of their elections](#). So it's a good investment of your time to go through all your documents and set up your checklist and your calendar."

**8. Your contracts.** Just as you need to create a calendar for your governing documents, you need to do the same for your contracts. "Look at all your vendor contracts to make sure your needs haven't changed, but also to make sure you're on top of things like, if you need to give notice to avoid auto-renewal, you're within the time frame allowed," advises [Brad van Rooyen](#), a partner at Home Encounter, a Tampa, Fla., company that manages community associations. "Not every contract is on a January to December schedule."

Look for additional dates you're required to do something, says White. "Sometimes there are performance requirements in contracts," she says. "Or maybe there's a cost-sharing agreement with a third party that you need to stay on top of."

**9. Your lien documents.** You may not realize that if you [file a lien against an owner](#), it typically requires you to take later steps to keep it current or remove it. "When associations file an assessment lien here in Virginia, there's a law that says as soon as the lien is paid, the association must immediately release it, or the association could be liable for damages," says White. "So you need to compile an inventory of all the liens you've filed and their status.

"I wouldn't rely on your collection attorneys to do that," adds White. "Most are high-volume businesses, and they're focused on getting that judgment and moving on. So they may be catch as catch can on filing the documents to release the lien, sometimes assuming the association is filing the documents to release it when the association gets payment. It's fine for your collections attorney to handle this. But either way you do it, you need that release in your file so you know all the documentation has been completed."

**10. Association lawsuits.** Do you know the status of all [lawsuits the association is involved in](#)? White's advice on liens also holds true for lawsuits or claims.

"Review any the association is involved in, and don't overlook those being handled by

your insurer,” suggests White. “What’s the status of each of the suits? Are they being recorded in the disclosure package? The audit? Are there things the association should be doing as part of lessons learned, like tweaking your use of email or how you keep your minutes?”

**11. Taxes.** Your association will need to file tax returns with the feds at least and probably with your state, too. There are several ways to file with the feds, and each has a different filing date. Check in with your accountant to ask whether you’re choosing the best filing option and whether you’re current in all previous years’ filings and payments.

**12. Loans.** “If you’re paying off loans, making sure you’re keeping up with your loan payments and have copies of all documents and any liens that have been filed by the lender,” suggests White. “If you’ve paid them off, make sure you get payoff documents.”

The failure to button up all the documentation on loans can cause headaches later. “Most associations don’t have judgments against them,” says White. “But when that happens and you pay the judgment off, you need to get a release and make sure it’s recorded in the land records. We keep coming across associations that are in great stead now, but 15 years ago, they had a judgment against them. Now when they go to get a loan for things like the expansion of a recreational facility or to improve their roads, we find there’s a judgment recorded, and that creates obstacles. A lot of it is being proactive, and having a checklist minimizes the chance of this happening.”

**13. Bank accounts.** Make sure your bank account signature cards are current. “Boards turn over, and sometimes the proper recordkeeping isn’t done with the bank,” says White. “When it comes to signature cards, do you have the proper signatures on file with the bank? That’s pretty easy to overlook.”

See more articles about:

- [HOA recordkeeping »](#)
- [HOA governance »](#)

# HOA Budgeting and Financial Management: 11 Factors

To do your job well, you'll need to dive into oversight of your homeowners association's financial condition. And while it may seem like a pain in your neck, you need to do actual budgeting every year.

"If you're on a calendar year, you should begin the budgeting process early enough in the summer so that by the time the end of the year comes, you've agreed on a budget," says [Robert Galvin](#), a partner at Davis, Malm & D'Agostine PC in Boston who specializes in representing condos and co-ops. "You shouldn't have just added some inflation figure to last year's budget. In other words, you shouldn't say, 'Our budget was \$1 million last year, and we'll just go up by 5 percent this year.' You should examine every expense."

Your budget isn't the only financial oversight to which you need to tend. There's a whole host of other financial issues you need to track. Here's a checklist.

**1. Read what your governing documents say about your budget.** "Does your current budget process comply with your documents?" asks [Elizabeth White](#), a shareholder and head of the community associations practice at the law firm of LeClair-Ryan in Williamsburg, Va.

**2. Begin your budget well in advance.** You should begin your budgeting process about six months before your fiscal year by initiating your reserve study or the reserve annual update, notes [Debra A. Warren](#), CMCA, CCAM, PCAM, senior vice president at Dallas-based Associa®, a community association management company with offices throughout the United States, Canada, and Mexico. You'll need this information to determine the amount of reserve funding required for the upcoming fiscal year.

**3. Evaluate the services you're getting under each contract to determine how they'll fit into your next budget.** "Look at the services you're being provided," says [Brad van Rooyen](#), a partner at Home Encounter, a Tampa, Fla., company that manages community associations. "Maybe you don't need as much of a particular service from that contract. Or maybe you need more and can prepare financially for that increase.

"You should also be checking to see if you still need the service contracts you have," says van Rooyen. "Maybe you're a self-managed community and you're paying for janitorial services. But you're finding that owners are picking up around the building and the [pool](#) themselves, so maybe janitorial services aren't needed anymore.

"And you mustn't be afraid to take the contacts you have and shop them," contends van Rooyen. "Just because a vendor provides great service, that doesn't mean you're necessarily getting the best price. Shopping it around is the way to make sure you're making the right decisions for the association. I've seen associations that have had long service contracts in place since the developer turned over the project, and the board has never shopped them out. While they may be happy with the service the vendor is providing,

it turns out the association is paying four times what's comparable in the market. If you find that, you're not necessarily going to fire that vendor. But you can go to the vendor and say, 'You're charging higher than market, can you adjust? If not, we're going to be forced to investigate other options.'"

**4. Take a look at your management contract.** This review of your service providers should include a check-in with your [management company](#). "We generally remind our boards about six months before a renewal date," says [Jenny Key](#), Austin, Texas-based vice president of RealManage, a San Rafael, Calif., association management firm that oversees properties in Arizona, California, Colorado, Florida, Louisiana, Nevada, and Texas. "We don't want it to be the day before the notice they have to give before a renewal of their management contract and they have to decide in a hurry. We also don't want a decision to be based on emotion."

"Sometimes, boards just need something to change in a management agreement," explains Key. "Maybe a new person gets on the board and thinks of something the other board members have never thought about. We're always open to negotiations on the boards' needs. If we're not helping them be successful, we don't want to hold onto some of the terms that are no longer working for them."

**5. Review previous and current budget trends.** "You should be looking at the prior year's budget and your year-to-date budget so you're seeing about 18 months of expenses," says Key. "You want to look at things like whether your fees for delinquent accounts are streaming up or down and whether utilities are going up or down. A lot of those things are out of your control. But getting a good handle on what you've seen over the last 18 months is really important."

That's especially true for smaller associations. "I think they have to pay a little more attention to cash flow over time and compare their performance to the economy and other communities," says Key. "If their delinquency rate goes up even 5-10 percent, that can really harm them. If expenses skyrocket, a 500-600 unit community can withstand that better than a smaller community."

**6. Evaluate your collections success.** "Take a look at your [collections](#) and [rule violations policies](#) to determine whether there's anything you can be doing to improve them," advises White. "What's your rate of collections? What the amount of your assessments that's in arrears?"

"We do some collections," adds White. "We don't market ourselves as collections attorneys but we do some to accommodate our larger clients. A lot of our other clients use association collections attorneys, and that's all those attorneys do. I sometimes see that the board or manager sends an account to the collections attorney and doesn't hear back—but also doesn't follow up. They're not getting any result, and they keep sending things. Meanwhile, the money's not coming in, and more people are coming into arrears. Then the HOA's collections or arrears rate of more than 90 days goes from 2-3 percent to as high as 10-15 percent, which is really an unacceptable rate."

"I think you need to ask your collections attorney to report to the board," advises White. "Have a call with the attorney in a closed session if your state law allows that. Have the attorney go through each account and explain where you are and what things the asso-

ciation needs to do differently, such as maybe sending better backup documents to the attorney. Sometimes, when this type of communication is done, you find the collections attorney is waiting for additional documentation before it can go forward. This communication may also make you think about whether you need to switch collections attorneys."

**7. Consider your assessment levels.** Many experts recommend that boards give their [assessments](#) a once-over annually to determine if they should be adjusted. But remember that owners should be able to predict generally what they'll owe.

"It's not uncommon for boards to want to keep fees in check," says van Rooyen. "But if you lower fees, it's hard to go back to your membership later and say you need to raise them again. If you've gone four years in a row at \$225 a month, but it really could be \$175, that's one thing. But I don't like to see yo-yo assessments because it makes the board look like they don't know what they're doing."

Some experts also recommend you check the levels at nearby communities. That's a good idea, with a caveat offered by Galvin. "When you do that, you have to be careful because it depends on the layout of the building," explains Galvin. "Here in Boston, we have many row-house associations. The homes are generally 100-150 years old and have nothing but corridors and occasionally a roof deck. They're not that complicated. But I live in a building that has 760 units, a health club, a doorman, a tennis court, and a swimming pool. A building like that is simply going to be more expensive to maintain.

"Even when you're comparing very similar buildings, a very common mistake people make is in saying that in Building 1, my apartment would cost \$200 a month in HOA dues," adds Galvin. "But in Building 2, they're charging \$400. So building 1 is better. But that's not necessarily true because Building 1 may not have reserves. You're comparing apples and oranges, but people do it all the time. Remember to consider all the factors. Maybe the prices for units in your building aren't as high as some others, but your dues are higher because you have \$4 million in reserves."

Big warning: If you're considering an assessment increase to meet a new budget, check first to be sure you have the power to do that. "Review your declarations to see under what circumstances you can raise dues," explains [Gregory S. Cagle](#), a partner at Savrick Schumann Johnson McGarr Kaminski & Shirley in Austin, Texas, and author of Texas Homeowners Association Law.

"Some documents have caps on the amount that can be raised each year, adds Cagle. "Usually it's a good idea—and a lot of associations do this—to vote to increase the cap but not actually increase the assessments. Say your assessments are \$100 a month, and you have a cap limiting increases to 2 percent a year. Every year, you should be raising the assessment by that 2 percent even if you're still collecting only \$100. That gives boards the flexibility to act if they need it later."

**8. Think about income streams.** Don't forget that you may be able to raise revenue in ways you're not already implementing. "There are various charges that some buildings put into effect," says Galvin. "If there's a common meeting room and someone's using it for a gathering or party, you may want to charge rent for that. Sometimes there are [move-in or move-out fees](#). But remember, all those fees may be governed by your state law."

**9. Consider hoped-for projects against your budget and reserves.** “Take a good look at your compiled and audited financials and financial review so you understand how money comes in and goes out,” says van Rooyen. “That way, when someone says, ‘Let’s upgrade the pool,’ you’ll understand where the money would need to come from. And by knowing your reserves, too, you can know quickly whether you have the money available to do improvements. In other words, you need to take a big picture initially. A lot of boards jump in on the day-to-day financials, and they kind of forget or lose sight of that big financial picture. You should be thinking of long-term goals, like what’s your five-year financial goal?”

Key agrees. “You should be asking: Do we have short-term and long-term goals, and how are we doing on those?” she notes. “Some of the larger communities do a little better on that front. But smaller communities that maybe have only a small park and no pools or other big-ticket items sometimes don’t really think about that over the long haul.”

**10. Review how you’re handling savings.** “Look at the association’s saving and investment plan,” advises White. “The issue is very complicated—there are Federal Deposit Insurance Corp. issues, and different states have different laws on this. For instance, there are FDIC-insured limits per financial institution of \$250,000. So when it comes to financial accounts, you need to make sure you haven’t exceeded those limits at any single institution. If you have, you need to create a program to spread those funds among various banks.”

Key agrees. “Also look at your investments over an 18-month period,” she advises. “Are certificate of deposit rates going up? Should you reinvest any that you have, or will you get a more favorable rate by investing those funds somewhere else?”

**11. Plan for your next audit.** Many states require associations of a certain size to do audits at certain time intervals. Make sure your next audit is scheduled, if it’s required for the upcoming year. “Check to be sure it’s on track and that auditor has all the documents necessary to do it,” adds White.

See more articles about [HOA Financial Matters](#) »

# HOA Governing Documents, Rules, and Violations: 4 Things to Check

It's your job to enforce your [governing documents](#) with an eye to protecting your owners and your community.

"The one thing I've sort of grown up with during my entire time in my career is that the overriding responsibility of the board is to protect and enhance the value of the asset, to protect the investments of the owner in every way they can relative to the [funding of the reserves](#), the [maintenance of the property](#), the [building of community](#) and [developing reasonable rules](#)," says [Debra A. Warren](#), CMCA, CCAM, PCAM, senior vice president at Dallas-based Associa®, a community association management company with offices throughout the United States, Canada, and Mexico. "All the things you do need to be conducted with those ends in mind."

That's, in fact, why you have governing documents and rules. Here's what to think about when you review all the facets of your governing documents and your enforcement of them.

**1. Have any laws changed in a way that requires an update to your documents?** Each year, you need to take a global look at the rules your association operates under to ensure that you're still compliant.

"You need to determine if you have to [comply with any new legal requirements](#)," suggests Warren. "The legislative scene is remaining very active all across the country. So you need to determine each year whether there's something new you have to do that you haven't been doing before. That ties into whether you need to amend our governing documents."

[Elizabeth White](#), a shareholder and head of the community associations practice at the law firm of LeClairRyan in Williamsburg, Va., agrees. "What are the ages of your documents, and have there been changes in your state's or the federal law that would mandate changes to your documents and policies?" she asks.

"In Virginia, our legislature meets and enacts all sorts of new laws that become law on July 1 each year," explains White. "While the legislature is meeting and after, most community association lawyers and managers are following their actions trying to figure out, 'Where am I going to have to amend my clients' documents?' And by July 1 if they're not amended, they'll be out of sync with existing law. It could be because of changes in rules on seller disclosure packages or rules on [board meetings](#)—those types of things."

White suggests you meet with your attorney to discuss legal changes months before the changes take effect. "Not all associations have the resources to do this, and not all attorneys will want to donate their time," she says. "However, some attorneys, if they're doing a high volume of work for the association, will throw that in. That's something to consider when you're negotiating for legal services, like adding that the attorney will do this but not spend more than two hours per year in a board update session. The benefit of doing it that way is that an attorney who's been representing your association for a

while will have a better idea than the board of the changes that need to be made.

“In a perfect world, we’d be doing that with several months lead time and noting where the board has to change its practices or governing documents,” says White. “For smaller associations, get involved with various state organizations that provide updates on changes to the law. And look for law firms doing public-service marketing kinds of events to showcase their attorneys where they’re talking about changes in the laws.”

**2. Don’t forget your forms and procedures.** When you do your review of changes in the law, it’s not just to update your governing documents. “It could be you need to update your forms, like your collection letters,” explains [Gregory S. Cagle](#), a partner at Savrick Schumann Johnson McGarr Kaminski & Shirley in Austin, Texas, and author of Texas Homeowners Association Law. “Maybe you have to add a certain disclosure, which we’ve had pretty frequently over the past few years.

“And whether it’s [meeting notices](#), resale certificates, management certificates, or [collection letters](#), it’s not just updating documents but also about modifying your procedures,” adds Cagle. “In 2011, the Texas legislature enacted a watered-down open meetings act for HOAs that governs subdivisions here in Texas. It requires that meetings be open and that notices be sent with certain information in them. There was a whole lot of procedure that, before this, didn’t exist. That required all HOAs to completely modify their procedures in calling and conducting meetings. So this is usually a good time to look through your governing documents and forms to see if there’s anything new they don’t adequately cover or address.”

**3. Review your governing documents for nonlegal updates.** Look at your documents, policies, and rules and regulations with an eye to updating for the changing times. “Things come up, circumstances change, and new issues evolve as time goes on, and you want to make sure your documents are covered so all your rules and regulations are adequate for the community,” advises [Brad van Rooyen](#), a partner at Home Encounter, a Tampa, Fla., company that manages community associations. “Things that are no longer applicable? The board should consider undoing them to avoid information overload within the association.”

Typically, van Rooyen sees language being added to strengthen policies, not the wholesale removal of existing policies—but both can be appropriate. “I’m sure there were rules that were written in 1985 that are no longer applicable, like people can’t play their boom box outside, yet nobody uses those to listen to music outside anymore,” he says. “But I have seen associations have policies on things like [pets](#) or [unit rentals](#). People are skirting the policy, so the board decides to add in a pet registration or background check requirement. Look at ways of using your experience of the past year to strengthen your rules.

“You can also amend governing documents,” says van Rooyen. “Sometimes boards come out like a bull in a china shop and then find things aren’t as bad as they thought they were. Yet there’s this rule the [management company](#) still has to enforce, and it’s not user-friendly, easy to enforce, or practical. For example, in your architectural review, look at your colors and choices. Times change, and I’ve seen that vendors can’t even make an approved color anymore.”

**4. Take a look at the effectiveness of you enforcement process.** White suggests evaluating the success of your [violations process](#). “That’s part of your [fiduciary duty](#),” she says. “Often, a manager sends a letter providing notice of a violation, and nothing happens. What are some other ways to bring this person in compliance? Should you send this matter to legal counsel? The longer violations sit out there, the more you run the risk of statute of limitations issues and undermining the property values of the whole property.”

Other questions to ask about your enforcement: Do we need to add any [HOA fines](#) to generate better compliance? Are there any fines that are more trouble than they’re worth? Are there any fines that are too high or too low, meaning they’re either so disproportionate that they’re creating too much pushback from owners or they’re not hefty enough to compel enforcement?

Read more articles about:

- [HOA Governing Documents »](#)
- [HOA Rules »](#)
- [Violations »](#)

# HOA Maintenance, Reserves, and Insurance: 7 Issues

Your financial oversight includes protecting the HOA's assets through maintenance, insurance, and reserve funding. Here are seven things to consider.

**1. Start with a comprehensive physical inspection.** You should conduct this annually so you'll know the maintenance you need to immediately budget for and the work you'll need to schedule as part of your reserve funding, says [Debra A. Warren](#), CMCA, CCAM, PCAM, senior vice president at Dallas-based Associa®, a community association management company with offices throughout the United States, Canada, and Mexico.

"You need to physically walk around the property," recommends Warren. "I think it's best if you have someone come with you who has expertise, whether it's a general contractor you work with, a manager, or you go to the expense of hiring an expert. If yours is a single-family home community with a clubhouse and a [pool](#), maybe having just the managers or just you is OK. But if your association is a complicated multilevel building, I definitely recommend hiring an expert.

"Look at not just things that need to be fixed, but also the aesthetics," says Warren. "What would you suggest to improve the community? Also, be sure to walk it differently than you normally do. Don't come in the main entryway. Come in from the back parking lot. Start somewhere different, and go in a different direction. You'll see things differently than if you follow the path you take every day."

**2. Check whether any laws govern the level of reserves you're required to maintain.** "In Massachusetts, the law says you have to have reserves, but not what reserves have to be," notes [Robert Galvin](#), a partner at Davis, Malm & D'Agostine PC in Boston who specializes in representing condos and co-ops. "Fannie Mae likes to see associations have 10 percent of your budget put in reserves each year, and they're starting to actually look now at that figure. But if you've got a brand-new building, you probably don't need a 10 percent reserve. If you've got a building that's many years old, you probably need more than 10 percent."

Some states have reserve requirements and then just let owners or boards decide to waive them. Galvin thinks that's unwise. "I wouldn't say, 'Let's not fund the reserve this year,'" he asserts.

"I think you should fund it every year."

**3. Give your reserves a checkup, and calendar your next reserve study.**

"Looking at your reserves, be sure to check when you last had a reserve study," advises [Elizabeth White](#), a shareholder and head of the community associations practice at the law firm of LeClairRyan in Williamsburg, Va. "In Virginia, associations are required to do a reserve study a minimum once every five years.

"Also, have you added capital improvements or additional property not on your most

recent reserve study?” asks White. “Are you setting aside enough money to go into your reserve account? Are you evaluating the condition of your property and identifying any long-term or recurring problems that planning needs to be put in place for? And how are they going to be financed?”

**4. Review your insurance coverage.** “There are coverages you need, such as liability insurance,” says Galvin. “You also need fire and extended coverage insurance, and then there are other policies you may need. For example, [directors and officers insurance for the board](#) is necessary.”

White adds a note about D&O coverage. Make sure your policy creates on the insurer a duty to defend you in a matter, not just handle any claims. “To me that’s a no-brainer,” says White. “But some of our associations were getting insurance where there was no duty to defend. Even if you haven’t done anything wrong, you can [rack up huge attorneys’ fees just defending yourself](#). The real value of D&O coverage is that defense you’ll be provided.”

Galvin also suggests considering a type of insurance coverage that’s rare, but a life-saver if your HOA ever needs it. “One type of insurance that’s obscure and not many people know about it—and is very cheap—is nonowner vehicle insurance,” adds Galvin. “Let’s suppose your association is—as is my condo—not self managed, but it’s also not agency managed. Ours is managed by [employees](#) we have. Let’s say one of our secretaries is driving somewhere on condo business. He has an accident but doesn’t have adequate personal insurance. The other driver will sue your association. If you have nonowner vehicle coverage, that would be covered. Not every building is going to need that, but it’s cheap. So check with your insurance broker annually.”

**5. Update to insure at replacement value, if it’s not current.** “Keep your insurance at a level that will allow you to rebuild the building if it burns or is destroyed in some other way,” advises Galvin. “I’ve had a number of these in the past few years, where there’s been a fire and the insurance hasn’t covered the cost to rebuild.”

How can you tell the right amount to insure against? Galvin says you may be able to do your own research by investigating how much it’s costing today to rebuild with the type of construction your association has. “It’ll tell you how much a square foot it’ll cost you to rebuild the building, but that’s just an estimate,” he says. “You can also get an insurance appraisal, which isn’t the same as a market appraisal. That will tell you the cost to rebuild if it’s destroyed.”

**6. Check your deductibles, and resist the urge to go too big.** “With insurance, we’re seeing very big deductibles of \$10,000 or \$25,000,” says Galvin. “Ordinarily, if the damage is to a condo unit, the governing documents say the unit owner has to pick up the deductible.

“I have a large project with more than 300 units that has a \$25,000 deductible,” he adds. “The client insisted we have that deductible, but the unit owner would have to pay the deductible if damage from his unit spread to a common area. I really didn’t like that at all, but I got overruled.”

Galvin’s worry? No matter how often you stress to owners that their personal insurance

is important and that they may be on the hook for a building deductible, many won't take heed. One accident will ruin an owner and wreck havoc with the building's financials. "We have documents that state in capital letters that you're required to buy an HO-6 [individual condo unit] policy," explains Galvin. "Most documents say you can buy it, but we say it's required. It's in heavy type, and we explain why. And once a year, the insurance company comes out to explain why you should get this policy.

"But someday there's going to be a fire, and someone's unit is going to be destroyed, and that owner won't have the necessary insurance," says Galvin. "In the situation where I disagreed with my client, I'd rather have a lower deductible and have the association pay a higher premium for the insurance. After all, the master policy is really everybody's policy. That way you won't get into the situation I know is going to happen—someone isn't going to have an HO6 policy."

**7. Check whether you're subject to any bond requirements.** You need to not only evaluate your insurance, but also check whether there are any bonds your HOA needs to maintain by law, through your governing documents, or by contract, advises White. "Also," she asks, "are you bonding the people who handle your association's funds?"

Read more articles about:

- [Facilities & Maintenance »](#)
- [HOA Reserves »](#)
- [HOA Insurance »](#)

# HOA Community Building: 6 Ways to Check On and With Owners

In all your annual checks, don't forget to touch base with the people to which you've committed so much time and effort—the owners.

Here are six questions to ask about owners' satisfaction and suggestions for gauging them.

**1. Ask your owners how you're doing.** "I think it's really important to touch base with owners," says [Debra A. Warren](#), CMCA, CCAM, PCAM, senior vice president at Dallas-based Associa®, a community association management company with offices throughout the United States, Canada, and Mexico. "One of the things that's important for the board to do—maybe not annually but every other year—is to survey their owners.

"If you can't formally survey owners, do it by having a potluck to check in and find out what's most important to them," adds Warren. "I call that building community. Whether you do or don't have a [management company](#), building community is one of the top responsibilities of the board. The board isn't supposed to be dictators or enforcers; they're supposed to build community and through that, they encourage people to cooperate."

[Brad van Rooyen](#), a partner at Home Encounter, a Tampa, Fla., company that manages community associations, agrees. "I recommend doing an annual survey or to just solicit information from homeowners," he explains. "You want to know whether they're happy with things in the community and what they'd like to see changed. When you ask, you need to be prepared for the good, the bad, and the ugly. Just like any person elected and representing a group of people, you have to have a thick skin, and you need to be able to sift through fact versus fiction."

**2. Ask yourself whether you're being transparent enough.** A lack of transparency can create angst, mistrust, and dissention, and it makes your job harder and sometimes unpleasant. "It's a big, big problem," says [Robert Galvin](#), a partner at Davis, Malm & D'Agostine PC in Boston who specializes in representing condos and co-ops. "Transparency is very important, and not every building has it. At the condo where I live, we have great [meetings](#), and unit owners are encouraged to come to meetings to ask questions. And all the minutes are posted, and they're published in the newsletter. If you don't do this, there becomes an us versus them mentality that's very unfortunate. Ask yourself: Are we doing enough to foster transparency and community?"

What if you find you're not doing enough? One solution is a [new-owner orientation](#). Either create one, or add to or change your current program to address new or frequent challenges with owners.

**3. Take a second look at your meeting schedule.** "You should be asking: Did we hold enough meetings? Or did we hold too many?" recommends van Rooyen. "It's one thing if you have to have X number of meetings per the language of your docu-

ments. But some boards get in the habit of doing a monthly meeting because that's how it's done.

"You should be considering: For us to be effective as volunteers, are we meeting too much or too infrequently?" says van Rooyen. "Maybe you plan to meet once a quarter, and then maybe there's a need to do a meeting twice this quarter because you have a lot going on.

"You don't want to create a platform for habitual complainers and whiners to vent, and you need to manage the owners' feedback portion of your meetings so it doesn't take away from other owners," says van Rooyen. "But your ultimate goal should be to set a calendar for meetings because that lets members know well in advance when the board meets."

While you're at it, also consider whether any changes in the way you run board and annual meetings would create more efficiency or be fairer to the board or owners.

**4. Evaluate your community event schedule.** "A lot of associations want to have a ton of community events, but is anybody really tracking whether owners like the events?" asks van Rooyen. "Are there a select few owners who come, and nobody else pays attention? You don't want to do things the community doesn't want, especially if there are financial implications."

**5. Think about whether and how your community is changing.** This often comes up in the context of whether to amend or update your governing documents. But you should also consider it when you're thinking about how you're interacting with owners. Is your community changing in a way that requires changes from the board?

That's something experienced by [Jenny Key](#), Austin, Texas-based vice president of Real-Manage, a San Rafael, Calif., association management firm that oversees properties in Arizona, California, Colorado, Florida, Louisiana, Nevada, and Texas. "We've gone through this with some communities," she says. "There's a movement toward [backyard farming](#), but in the past, governing documents hadn't allowed things like pens or greenhouses because of [architectural committee rules](#). All communities are aging. You need to ask if you need to be more flexible to make sure what you're doing and your rules still fit the demographics of your community."

**6. Think about whether your owners need help you can provide without adding to your liability or budget?** Along the same lines of evaluating how your community is changing, consider whether your residents need services you aren't currently providing.

Galvin is seeing a budding trend, and that's of older residents who need assistance. "It's happening a lot," he explains. "Thirty years ago, someone in their 50s bought a unit, and they're now in their 80s. They may have dementia, or maybe they just have serious problems. I could tell you real horror stories. It's not common yet, but it's also by no means unusual.

"But what do you do?" he asks. "You get in touch with family, and some don't care. They just care about inheriting the unit when the owner dies. I think you should be

asking: Do we have any residents who need our help that we can provide services for? It's going to become a board problem eventually anyway. Some people may feel this is really touchy feely, and the board shouldn't get into these issues. But I've had people with dementia [hoarding stuff](#) and [smoking in their units](#). I've also had elderly people urinate on furniture in the lobby. I've had the manager do everything right: Calling all kinds of social services agencies and the relatives of the person trying to get help, but being unable to do it. It's becoming a real problem."

What services can you provide? Few boards have come up with perfect answers yet. You could ask owners to check in on their neighbors, perhaps offering to pick up groceries for them. You could ask local religious organizations if they have suggestions. The point is that everybody may benefit from doing more than you realize.

See more articles about

- [Communications »](#)
- [Community Building »](#)

# Why You Need an Annual Plan

One of your most important roles is establishing the direction of the association and allocating resources, notes [Debra A. Warren](#), CMCA, CCAM, PCAM, senior vice president at Dallas-based Associa®, a community association management company with offices throughout the United States, Canada, and Mexico.

Your resources include both financial and human resources, meaning the time of your community management team, the board, and other volunteers. Warren says one way to use your resources wisely is to create an annual plan, often as part of your budget process while you're determining the projects you want to complete for the coming year.

When you use it effectively, an annual calendar can become the road map for you and your management team, says Warren. It becomes the single source of all of the critical events, activities, compliance, and renewal dates for the year.

Here's a sample listing of items in an annual calendar:

- Meeting dates
- Routine preventive maintenance items
- Reserve projects
- Facilities opening and closing dates
- Election milestones
- Budget preparation cycle dates
- Certificate of deposit renewal dates
- Insurance renewal dates
- Contractor walk-through dates

Below is a sample annual calendar format, courtesy of Associa®.

JANUARY	FEBRUARY	MARCH
<ul style="list-style-type: none"> <li>• Obtain annual landscape calendar</li> <li>• Prepare annual calendar</li> <li>• Update rules and regulations booklet for February mailing</li> <li>• Create tree maintenance plan</li> <li>• Meeting: Jan. 26 at 7 p.m.</li> <li>• Conduct second gutter cleaning</li> <li>• Send year-end review to homeowners</li> </ul>	<ul style="list-style-type: none"> <li>• Finalize major capital projects prior to pool season opening</li> <li>• Distribute rules and regulations booklet to homeowners</li> <li>• Meeting: Feb. 23 at 3 p.m.</li> </ul>	<ul style="list-style-type: none"> <li>• Review roof-maintenance program</li> <li>• Meeting: March 23 at 7 p.m.</li> <li>• Begin power-wash program</li> </ul>

APRIL	MAY	JUNE
<ul style="list-style-type: none"> <li>• Get landscape improvements underway by way of landscape committee</li> <li>• Conduct final preparations for opening day of swim season; notify pool contractor of opening date</li> <li>• Check and clean storm drains for blockage</li> <li>• Lubricate mailbox locks</li> <li>• Clean AC filters at clubhouse</li> <li>• Meeting: April 27 at 3 p.m.</li> </ul>	<ul style="list-style-type: none"> <li>• Walk property to inspect for common-area improvements</li> <li>• Notify owners and renters of pool opening</li> <li>• Open pool</li> <li>• Schedule board and finance committee budget meetings</li> <li>• Meeting: May 25 at 7 p.m.</li> <li>• Obtain reserve study update from consultant</li> </ul>	<ul style="list-style-type: none"> <li>• Schedule paint/trim repair</li> <li>• Finance committee to submit preliminary budget and reserve study to board</li> <li>• Grind sidewalk trip hazards</li> <li>• Approve final budget</li> <li>• Meeting: June 22 at 3 p.m.</li> </ul>
JULY	AUGUST	SEPTEMBER
<ul style="list-style-type: none"> <li>• Begin common area improvements</li> <li>• Request gutter cleaning bids</li> <li>• Board meeting: July 27 at 7 p.m.; produce draft budget</li> <li>• Check on curb painting</li> <li>• Obtain bids and contractual changes for upcoming operating budget</li> </ul>	<ul style="list-style-type: none"> <li>• Obtain contract renewals for upcoming year</li> <li>• Send owners budget packet no earlier than Aug. 1 but no later than Aug. 15.</li> <li>• Board meeting: Aug. 24 at 3 p.m.</li> <li>• Appoint nominating committee for upcoming election</li> <li>• Deadline for mail call for candidates</li> <li>• Obtain insurance bids for board review</li> </ul>	<ul style="list-style-type: none"> <li>• Notify pool contractor of pool closing date</li> <li>• Schedule fall landscape walk-through with landscaper</li> <li>• Board meeting: Sept. 28 at 7 p.m.</li> <li>• Deadline for receiving candidate nominations</li> <li>• Review candidates and determine if ballots can go out for two open board seats in upcoming election</li> </ul>
OCTOBER	NOVEMBER	DECEMBER
<ul style="list-style-type: none"> <li>• Close pool and store pool furniture</li> <li>• Meet Your Candidates night</li> <li>• Meeting: Oct. 26 at 3 p.m.</li> <li>• Insurance renews</li> </ul>	<ul style="list-style-type: none"> <li>• First gutter cleaning</li> <li>• Check/clean storm drains for blockage</li> <li>• Clean filters on clubhouse heating system</li> <li>• Annual meeting: Nov. 9 at 7 p.m.</li> <li>• Nov. 15: Notify residents of election results</li> </ul>	<ul style="list-style-type: none"> <li>• No board meeting</li> <li>• Happy holidays!</li> </ul>

Source: Associa®

# Checklist of 22 Things To Do Once a Year

This checklist is shared compliments of [Elizabeth White](#), a shareholder and head of the community associations practice at the law firm of LeClairRyan in Williamsburg, Va. While it contains several Virginia-specific references, it is a good framework for boards in any state to use as a guide.

Action Item	Date Completed
DOCUMENTS	
<b>GOVERNING DOCUMENTS.</b> Does the Board have complete and accurate copies of all governing documents? Record anything that is not recorded, if appropriate.	
<b>CHANGES TO DOCUMENTS.</b> Were there amendments to the Declaration, Bylaws or Articles of Incorporation? Did the Board resolve to amend its Rules or Architectural Guidelines?	
<b>RULES. Review Association rules.</b> Is there an enforcement policy that conforms with §55-513 of the Property Owners' Association Act or §55-79.80:2 of the Condominium Act? Has that policy been adopted by the Board of Directors and distributed to the owners?	
<b>SHALL v. MAY.</b> Review the governing documents to identify what the Association and the Board must do. Does the Association's practice fit with the documents? If not, change the practice or amend the documents.	
CORPORATE	
<b>BOARD MINUTES AND RESOLUTIONS.</b> Are minutes prepared for each meeting? Are Board actions being recorded, and where appropriate, communicated to the owners?	
<b>ANNUAL REGISTRATION / REGISTERED AGENT.</b> Confirm with the State Corporation Commission (SCC) that the annual fee has been paid, annual report has been filed, and registration is current. Identify current board members and officers. Confirm that the registered agent and registered address are still effective. If not, change them with the State Corporation Commission. <a href="http://www.scc.virginia.gov">www.scc.virginia.gov</a>	

<p><b>COMMON INTEREST COMMUNITY BOARD (“CICB”) REGISTRATION.</b> Confirm with the CICB that the Association has registered with the CICB, that the annual report required pursuant to §55-516.1 of the Virginia Property Owners’ Association Act has been filed and the fee has been paid.</p>	
PROPERTY	
<p><b>CONDITIONS.</b> Evaluate the condition of the property the Association maintains. Any long-term or recurring problems? Does the Association anticipate major repairs? How will they be financed?</p>	
<p><b>VIOLATIONS.</b> Evaluate the status of architectural and/or covenant violations. How does the Association respond?</p>	
FINANCIAL	
<p><b>BANK ACCOUNTS.</b> Who are the signers on the Association’s accounts? Are there current signature cards on file with the Association’s bank?</p>	
<p><b>BUDGET.</b> Does the Association’s budget process comply with its governing documents? Does the budget allocate amounts for reserves taking into account the reserve study?</p>	
<p><b>RESERVES.</b> Update the replacement reserve schedules. A reserve study is required every five years. Condominium Act §55-79.83:1; Property Owners’ Association Act §55-514.1</p>	
<p><b>COLLECTIONS / DELINQUENCIES.</b> What is the annual delinquency rate? Is there a clear, effective Collections Policy that complies with the Association’s governing documents and applicable state and federal laws?</p>	
<p><b>SAVINGS.</b> Evaluate the Association’s savings program and investment plans. Time for a change? FDIC compliance? Fiduciary accounts?</p>	
<p><b>LIENS / LOANS.</b> Is the Association paying off a loan? Do you have complete copies of loan documents? Are there any liens against the areas – e.g. mechanics liens, deed of trust, judgment liens? What is the nature/status of these? Have releases been obtained?</p>	
<p><b>AUDIT.</b> Has the Association budgeted for and scheduled an annual audit? What is required by the governing documents?</p>	
<p><b>RELEASE OF MEMORANDUMS OF ASSESSMENT LIENS.</b> As past due owner accounts are brought current, have liens been released in the Clerk’s Office?</p>	

DISCLOSURE	
<p><b>DISCLOSURE PACKAGE.</b> Virginia law requires that every Association furnish a potential purchaser with a disclosure packet containing the Association's governing documents and certain other specified documentation, together with a Disclosure Certificate (POA) or Resale Certificate (condominium). Review a recent disclosure package and certificate and examine the materials that are included. Are they accurate? Complete? Changes in law?</p>	
<p><b>LAWSUITS/CLAIMS.</b> Review any lawsuit/claim in which the Association is involved. (Don't overlook those handled by insurance.) What is the nature and status of each suit? Make sure they are reported in Disclosure Notice/Resale Certificates.</p>	
CONTRACTS	
<p><b>CONTRACT TERMS.</b> Are there copies of all contracts in the Association's file? Calendar the expiration dates for all the Association contracts, and calendar the termination notice dates. When does the management contract renew?</p>	
<p><b>INSURANCE.</b> Evaluate the Association's insurance and bonds – types and amounts. Is the Association bonding the people who handle the Association's funds? Condominium Act §55-79.81B; Property Owners' Association Act §55-514.2B. Does the Association have duty-to-defend D&amp;O coverage?</p>	
<p><b>LAW CHANGES.</b> Invite the Association's attorney to meet with the Board to discuss changes in the law affecting the Association.</p>	

# HOA Financial Statement: Tips for Reviewing Your Financials

Most management and financial management firms complete a financial package on a monthly or quarterly basis, according to [Debra A. Warren](#), CMCA, CCAM, PCAM, senior vice president at Dallas-based Associa®, a community association management company with offices throughout the United States, Canada, and Mexico. A typical package includes the financial reports (balance sheet and charges and expense detail) and the supplemental schedules (delinquency report, bank reconciliations, accounts payable check history, and general ledger).

Here, courtesy of Associa® is guidance for reviewing your financials:

**1. Review your balance sheet.** The first step in the review process is to look at the balance sheet. It's a snapshot of the association's financial condition. It includes:

- **What you own (assets)**—The assets generally include cash, accounts receivable (money owed to you), and prepaid expenses.
- **What you owe (liabilities)**—Liabilities include accrued payables, prepaid assessments, and under special circumstances, loans for reconstruction.
- **What's left over (fund balances – equity)**—As a mutual benefit nonprofit corporation, most of your fund balance or equity will be in the form of your reserve balances. You may have a small amount of net income or net loss from the operating fund.

**2. Review your income statement.** The next document in the review process is the income statement reflecting specific financial transactions. Other terms used for this report are:

- **Budget variance report**—Month-to-date and year-to-date revenue and expenses compared to the budget using major expense categories
- **Profit/loss report**—Expenses displayed in a 12-month spreadsheet using major and detail expense categories

These reports include:

- **Revenue**
  - Assessments (dues)
  - Fines and interest
  - Reserve transfer
  - Excess funds transfer (As determined at the annual members' meeting)
- **Expenses**—The major expense classifications in this report are typically:
  - Utilities
  - Repairs and maintenance

- Administrative
  - Miscellaneous
- 

## **Financial Review Checklist**

### **Balance Sheet**

#### Cash Balances

- Verify with bank reconciliations
- Is cash increasing or decreasing?

#### Assessments receivable

- In balance with the delinquency report?

#### Prepaid expenses

- In balance with the prepaid report?

#### Fund balances reserves

- Beginning balance = Year-end statement
- Contributions = YTD budget

#### Net income (loss)

- Year-to-date charges and expense report

### **Revenue and Expense Report**

#### Charges

- Assessment revenue = Budget
- Reserve transfer = Budget

#### Expenses

- Compare year-to-date budget to actual
- Net income (loss)

#### General ledger (by transaction)

Source: Associa®

# Additional Reports from HOAleader.com

## **HOA Elections: A Guide to Managing the Election Process at Condo and Homeowner Associations**

In this report you'll discover tips from our editorial team and experts on HOA governance and management from across the country on how to plan, properly notice, and execute an HOA election. These are tips you can begin implementing immediately to make your elections run more smoothly and withstand challenges from disgruntled homeowners.

## **50 Tips for HOA and Condo Boards, Volume 2: Homeowners Association Management Best Practices**

This report is a follow-up to our earlier special report, 50 HOA Management Tips: Best Practices for Homeowners Association Boards. It is filled with new and cutting-edge advice from our editorial team and experts on HOA governance and management from across the country. You'll find tips to minimize your legal risk, tips to improve your collections, tips to manage the human side of HOA leadership, tips to streamline rule enforcement, tips to save your association money, and much more.

## **HOA Reserves, Special Assessments, Loans & More: A Homeowners Association Board Member's Guide to HOA Funding Options**

The best-run HOAs have boards that are smart with money. Those boards manage their owners' money with care, and when they have unplanned projects that require additional funding, they're equally methodical and thoughtful. What do those boards do that's so smart? They explore every funding option, starting with well-known ideas like drawing on reserves, taking out a loan, or passing a special assessment. Then they unearth funding options that few HOA board members know about. In this special report, you'll discover tips and guidance on funding options from HOAleader.com's expert contributors.

## **HOA Management Companies: A Practical Guide for Homeowners Association Boards**

In this exclusive HOA management special report, we offer insight and guidance on finding a good HOA manager and determining whether you need an onsite manager, must-have and must-not-have contract language, and tips for responding when your management company isn't doing its job, including guidance on when to cut ties or work toward a better relationship. We also educate going-it-alone boards on best practices for

self-managed homeowners associations, and much, much more.

## **HOA Policies: 17 Sample Policies Every Homeowners Association Board of Directors Should Consider**

In this special report, we lay the groundwork for your HOA board to draft policies and procedures governing a broad scope of condo or homeowners association life by providing you with 17 sample policies released exclusively to you by HOAleader.com's expert contributors.

## **HOA Leadership Roles and Duties: A Guide to the Positions of President, Vice President, Secretary, Treasurer, and Board Member in Condo and Homeowners Associations**

We're hearing from a growing number of association members who want more detail about their responsibilities--or who want an easy way to educate their newly elected fellow board members about what, exactly, board members do. What's the president supposed to do? How about the vice president, secretary, and treasurer?

## **50 HOA Management Tips: Tips and Best Practices for Homeowners Association Boards**

This report compiles advice from our editorial team and from experts on HOA governance and management from across the country. You'll find tips about different ways to keep your association safe from embezzlement and financial malfeasance, tips about managing the human side of HOA leadership, tips about rule enforcement, tips on saving your association money, and much more.

## **HOA Finances: Best Practices for Getting Your Homeowners Association through Difficult Economic Times**

This report was created to help you make smart decisions that will in turn help your HOA weather the current financial storm. We've spoken to leading condominium and homeowner association advisors across the country and distilled their recommendations down into practical, plain-English suggestions for what you can do now to best position your association for financial stability. Times are tough, but the good news is there are steps you can take today that will help.

# Webinars Available On Demand from HOAleader.com

## **Easier Enforcement of Your HOA's Rules:**

Steps to Create Enforceable Rules, Effective Fines, and a Fair Violation Process

## **HOA Board Members and Fiduciary Duties:**

What You Must Know to Fulfill Your Duty to Your Association and Protect Yourself from Personal Liability

## **Collect More, and Collect It More Easily:**

Best Practices for Condo/HOA Debt Collection

## **HOA Elections:**

A Step-by-Step Guide to Plan, Properly Notice, and Execute Successful Elections at Your Homeowner Association

## **Accommodation Requests Under the Fair Housing Act:**

Best Practices to Avoid Discrimination Claims & Lawsuits

## **Special Assessments:**

How to Avoid Them When Possible, and Pass Them When Needed

## **Litigation and Your HOA:**

How to Avoid It, When to Pursue It, and How to Manage It Wisely

## **Anger and Apathy at Your HOA:**

Best Practices to Beat These Bedeviling Issues

## **How to Create a New-Owner Orientation Program**

## **New HOA Board Members?**

Here's How to Run a Successful Board Orientation

## **HOA Reserves and Other Funding Options:**

How to Be a Smart HOA Money Manager

## **How to Protect Yourself and Your HOA from the Neighborhood Sociopath**

## **How to Choose and Work with Your HOA's Manager**

# Most Popular Articles on HOAleader.com

## 1. **HOA Voting: Everything You Need to Know About Proxies**

What's a proxy? Who can assign it and when? Who can it be assigned to? Can your association implement any limits on the use of proxies? Here, our expert contributors answer your questions.

## 2. **Living Up to Your Fiduciary Duty as an HOA Board Member**

"Fiduciary" is not just a big word. It carries legal consequences if you--even unknowingly--breach that duty. Here's what you need to know about fulfilling your fiduciary duty as a homeowners association board member.

## 3. **HOA Board Members: 7 Things You Must Know If You're Sued Personally for Board Actions**

Sometimes homeowners sue HOA boards, and sometimes they sue both the board and board members individually. Here are seven things you should know if you're personally sued for actions taken as a condo or homeowners association board member.

## 4. **HOA Elections: 6 Mistakes to Avoid with your Condo or Homeowners Association Elections**

It's very easy to invalidate an election by not following every rule to a T. Keep an eye out for these common mistakes condo and homeowners associations make when conducting elections.

## 5. **HOA Board Meetings: Open Meetings and Executive Session--What You Must Know**

Does your state require that your condo or homeowner association board have open meetings? If so, what does that mean? And what about executive session? What can you discuss privately, and what must you discuss in front of homeowners who wish to attend? Here's a rundown.

## 6. **Master Homeowners Associations: Is Your HOA Its Own Master?**

Imagine your surprise. You buy a home in a community knowing full well that you'll become a member of your local homeowners association only to learn that your homeowners association is really a subassociation and you're bound to follow the rules of a bigger "master" association. Here's a primer on master associations and how masters and subassociations, often called "subs," interact.

## 7. **9 Mistakes New HOA Board Members Make--And How to Avoid Them**

Here we list the nine most common mistakes new HOA board members make and pro-

vide tips for turning those mistakes into successes.

#### **8. Discussion Forum Follow-Up: Reining in Bullies on Your HOA Board**

A reader on the HOAleader.com discussion board asks: "I am on the board of directors of our HOA, but the president is just running wild and not following any of the bylaws or CC&Rs..." Here, we provide tips for handling secretive, power-hungry board member tactfully yet effectively.

#### **9. HOA Reserve Studies: What You Need to Know**

Just what is a reserve study? What should it include, and how often should it be done? We've got answers.

#### **10. HOA Rules: What You Must Know About Flag Restrictions**

There are several legitimate reasons why your HOA might want to provide guidance to homeowners on flag displays. Before you do, however, make sure you understand the maze of laws governing the issue.

#### **11. HOA Reserve Funds: The Pros and Cons of Underfunding Reserves**

Some boards stop funding--or underfund--their homeowners association reserves as a way to ease the burden on homeowners during difficult economic times. Is this a smart move for your HOA?

#### **12. HOA Pet Rules & Required Accommodations: The Facts About Comfort Animals**

Is Fido a medical necessity, or are we being taken for chumps? That's the question HOA board members are asking themselves as a growing number of owners claim that their beloved pet isn't a violation of their association's rules but a critical part of their medical treatment. Here's what you need to know about comfort animals and how your association should treat owners' requests for them.

#### **13. HOA Finances: Think Twice Before Throwing a Party with Unused Budget Funds**

This week's tip deals with condo and homeowners associations that take leftover money in a miscellaneous or contingency budget account and fritter them away with things like parties. Be careful before taking that step.

#### **14. What Happens When Nobody Runs for the HOA Board?**

An HOAleader.com reader wants to know what happens when nobody runs for any open board seats. Here our experts give the lowdown.

#### **15. 9 Responsibilities HOA Boards Shouldn't Delegate to a Manager**

HOA management companies can be a great help to an association's board of directors. But a manager is not supposed to usurp the board's duties. Here we share nine duties you shouldn't allow your HOA manager to handle.

#### **16. HOA Contracts: Can One Board Member Contractually Bind Your Homeowners Association?**

Can one board member, without the board's knowledge, bind the association to a contract? The short answer is yes. However, our experts have suggested practices you can implement to prevent it from happening at your association.

## 17. **HOA Financial Matters: What's Receivership, and When Do Condo and Homeowner Associations Need It?**

Though it's still rare in community associations, receivership has become more common in today's economy. With any luck, your HOA will never experience receivership. But some unlucky associations will. So here are some basics on receivership, along with information about how it's arising in condo and homeowner associations today.

## 18. **Definition: Quorum**

A quorum is the smallest number of board members necessary to legally conduct the business of your HOA. Most, but not all, groups define a quorum as a ...

## 19. **A Sex Offender Has Moved Into Your HOA ... What Now?**

If you're like most homeowners, your first thought when you learn that a sex offender has moved into your community is: What can we do to get the offender to leave? Here's what you must know about your association's--and the offender's--rights.

## 20. **Tax Day: What Your Board Must Know about Homeowners Association Taxes**

### Taxes

Homeowners associations have to file tax returns like the rest of the corporations in the United States. Here's a primer on the rules associations must follow when they file and advice on minimizing the stress of tax day for your HOA.

## 21. **Discussion Forum Follow-Up: What's a Common Area in My HOA?**

A reader on the HOAleader.com discussion board asks a question many associations end up grappling with: What's a common area? A handful of owners in our reader's townhome have decks, rather than concrete slabs, which everybody else has. The governing documents don't reference maintenance for decks. Our reader wonders: Who's responsible?

## 22. **Definition: Declaration of Covenants, Codes & Restrictions (CC&Rs)**

The declaration of covenants, conditions, and restrictions (CC&Rs) are recorded with the register of deeds in the initial phase of development of a townhome or planned community.

## 23. **HOA Governance: How to Change Your Homeowner Association's CC&Rs**

Whatever the reason, at some point you'll need to amend your HOA's covenants, conditions and restrictions (CC&Rs). Here's how to make the changes by the book and deal with the inevitable political tension that arises from taking such an action.

## 24. **The Pros and Cons of Keyless Access in HOAs**

A HOAleader.com reader reports that his HOA is considering keyless access--like swipe or insert cards--for elevators to help increase building security. His board is particularly concerned about those who may have avoided proper screening or requested additional keys to allow unauthorized access for friends.

## 25. **Helping Owners Fund a Special Assessment**

Here, we hear how condominium and homeowner association boards crafted creative

financing that helped them pass a special assessments and offer tips for funding your own special assessment.

### **26. Robert's Rules for HOAs: What You Need to Know**

Robert's Rules of Order is a more-than-100 year old guide that provides governing bodies procedural rules to keep their deliberations orderly. What are the pros and cons of following Robert's Rules? If your association decides to follow it, what are the most important rules everyone should know? Here's a summary.

### **27. HOA Legal Compliance: A Primer on the Fair Housing Act for Homeowners Associations**

The Fair Housing Act prevents many types of discrimination in housing. Here's a basic overview of how it affects your homeowners association.

### **28. HOA Elections: What's Cumulative Voting, and Should You Use It?**

Most people don't even know what cumulative voting is and probably couldn't tell you if it's allowed in their state or their association. Here, we explain the procedure, discuss its pros and cons, and offer insight as to whether to change your bylaws to include or exclude it.

### **29. HOA Board Member Behaving Badly? Know How and When to Discipline**

You may be surprised to learn that you and your fellow volunteers can be disciplined for your behavior as members of the board of directors of your homeowners association or condominium association. Here we explain when it's appropriate for boards to consider disciplining their fellow board members, along with the possible range of action they can take.

### **30. How Far Does an HOA President's Power Extend? Discussion Forum Follow-Up**

Can a president sign a landscape contract without the board's approval? And did the president of this reader's HOA have a conflict of interest here? Our experts provide answers.

### **31. HOA Management Fees: Beware These Questionable Fees; How Your Association Can Address Them**

Here, White and other attorneys who represent associations reveal fees they've seen slipped into their clients' management contracts and invoices. They also offer tips for addressing them.

### **32. HOA Governing Documents Explained**

HOA gurus freely banter about the terms "CC&Rs," "bylaws," "rules and regs," and "governing documents." But what exactly are those documents, and which are the most and least powerful? In this article, we lay out what constitutes each governing document and sort out which ones have more authority than others.

### **33. Definition: Reserve Accounts**

Reserve accounts (also referred to as "reserve funds" or simply "reserves") are funds set aside by the homeowner association to pay for the replacement ...

### **34. HOA Board Members: Ensure that You're Personally Insured**

You may think that since your homeowner association has general liability insurance, you'll be protected if a member sues you and your fellow HOA board members. Not so. That's where directors and officers (D&O) insurance comes in. Here's what to look for in a policy to make sure you're protected.

### **35. HOAs and Parking: What Your Homeowner Association Board Should Know About Towing**

Here's what you need to know about creating a towing policy that complies with your local laws and provides owners proper notice before their car gets hauled away. We also provide tips if you're entering into a contract with a towing company.

### **36. Handicap Parking: What Your Homeowners Association Must Know**

Is your condo or homeowners association required to provide handicapped parking for residents and visitors? If so, how many spaces do you need, and where must they be? What if an owner requests handicapped parking? Can you require proof, and where must you locate the spot? When can you legally deny the request? Here, we answer those questions.

### **37. New Cases Scrutinize HOA Architectural Committee Decisions--Part 3**

Three recent court cases are a reminder that your board is responsible for oversight of its architectural review process and can be held liable when it fails to meet that duty. In this final installment of a 3-article series, we discuss a Washington case where an architectural committee overstepped.

### **38. HOA Board Recalls, Part II: If You Must Do a Recall Vote, Read This First**

In November 2008, a California appellate court held invalid an association's requirement that director recalls required a 60 percent supermajority of the association's total voting power. Here's what you need to know about that case even if your association isn't in California, along with tips on how to properly conduct a recall vote. If you're a board member who has gotten wind of a potential recall effort in your community, you'll find advice for you too.

### **39. HOA Rules: Which Political Signs Can You Regulate?**

While a campaign-issued two-foot by two-foot Barack Obama or John McCain sign might look just fine on owners' lawns, would you feel as comfortable with a 10-foot by 10-foot sign? What if the sign promoted a White supremacist running for local office? The answer may be a rule banning political signs in your homeowners association. Before you enact such a rule, however, make sure you know whether your state permits you to do so and understand the Pandora's box you may be opening.

### **40. HOA Boards: Four Ways to Prevent and Ease Board Burnout**

Let's face it. In many condo and homeowners associations, a handful of people carry the load for the rest of the community. Those heavy lifters can sometimes become burned out. What can you do to prevent burnout? And what can you do to ease the burden when HOA board members are feeling drained? Here are four suggestions.

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