



# HOAMCO

HOMEOWNERS ASSOCIATION MANAGEMENT COMPANY



# HOAMCO

## From the President...

February 2005

Dear Homeowners,

We are pleased to announce our 15th year in business. Since 1991, HOAMCO has been providing homeowners with top level, state-of-the-art management services. We are very proud to say that our first clients remain satisfied members of the HOAMCO family of associations.

We believe that prompt, pleasant, professional service is the only kind of service to provide. We know from experience that our main job is to manage your day-to-day business and to carry out the policies of each Board of Directors. One of our goals for 2005 is to provide more educational seminars for all Boards and interested association members. As conducting business becomes more "high tech," we want to become more "high touch." The insert provides information on our first seminar of the year. We all look forward to seeing you there.

We find an increase in legal challenges to homeowners' associations are occurring across the board. We consistently monitor, assess and participate in the testing of laws, rules and covenants. This proactive approach is critical to maintaining your quality of life and ability to control your own neighborhoods. We will be having attorneys specializing in homeowners' associations come to talk to you at our seminars.

The HOAMCO staff is dedicated to providing you, our clients, with everything you need to serve your association, maintain and improve property values and provide the quality of life you deserve.

Respectfully yours,

Justin Scott, CMCA®, AMS®  
President

# We Believe in Community Spirit

**Fostering community spirit is an essential component to building vibrant, responsive, and healthy community associations. Building community spirit requires soliciting the opinions and input of residents and offering community harmony and spirit-enhancing programs that residents will enjoy. The community associations of today are like the neighborhoods of yesterday. Spirited communities, like safe neighborhoods, have higher sale values.**

## **Create a neighborhood assistance program**

Services may include: meals for families with an illness or death in the family; loaner items for medical equipment such as canes and crutches; loaner items for grandparents with visiting grandchildren such as cribs and high chairs; and handyman services for small jobs.

## **Hold a clothing drive.**

Collect residents' extra clothing items and distribute them to charitable organizations in your area or adopt a family during the holidays.

## **Discover ways in your community to support local charities and schools.**

A measure of success and contentment can be evaluated in the level of dedication given to the greater community. Sharing your time, talents, and financial resources as individuals, small groups, and as a corporate entity is a true reflection of community spirit.

## **Recognize children.**

Use your newsletter to highlight the accomplishments in academics and athletics for the teenagers in your community. Coordinate with high schools and your neighborhood parents to get a list of national honor students, first honor students, varsity athletes, and other special honors.

## **Sponsor a safety seminar.**

Offer a safety seminar to educate parents and grandparents on important issues including bicycle safety, proper medical and medicine alert responses, and establishing Neighborhood Watch programs.

## **Facilitate neighborhood block parties.**

Use your newsletter to encourage each neighborhood in your community association to have an annual block party. One or two families can be the "block heads" that coordinate the time and date; determine the needs for salads, entrees, and desserts; provide a few portable tables; secure the cul-de-sac from traffic; open their homes for restrooms; and dispose of trash. Potluck with a dish that serves six to eight usually works well. Individuals can bring their own lawn chairs.

## **Publicize upcoming events via e-mail and the Web.**

More and more community association members have Web sites and e-mail addresses—why not use them? They're an inexpensive way to promote upcoming special events and meetings. Additionally, residents can reply to the e-mails and board members can obtain instant feedback!

## **Publish event photos.**

What better way to promote community spirit than to show non-participants all the fun that they're missing.

## **Look for a reason to celebrate.**

Celebrate your association's successes. Celebrate holidays—big and small, traditional and quirky. It's a great way to meet neighbors and get people enthusiastic about the community.

## **Support community awareness in local politics.**

Use your community clubhouse or designated meeting space to host a "candidates' night" in October of an election year.

## **Establish standing committees with meaningful responsibilities and clear charters.**

If residents have defined roles and responsibilities with clear goals in sight, they're more apt to participate. Hold your own social events at locations where people are already gathered. Have a pool party or a volleyball contest during operating hours. People who weren't originally planning on attending might get involved!

*Taken From An Introduction to Community Association Living*

# Open with Caution

## How to identify suspicious e-mail messages and prevent SPAM

You're at your computer, compiling reports for your next board packet, when suddenly you receive a "new e-mail" notification. If you're like most people, you stop what you're doing to see what the e-mail is about, only to discover that it's your bank, informing you that, due to "technical problems," you must resubmit your bill-

ing information and Social Security number. Don't buy it—you've just been spoofed.

Most people don't realize how easy it is for anyone to send an e-mail as someone else. Without too much skill, it's possible to set

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## Open with Caution

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up a false e-mail address in Microsoft Outlook, one that's separate from the official server and that will send all its messages into cyberspace. Spammers—people who send unwanted, unsolicited e-mail messages—use this loophole to send fraudulent e-mails and circumvent anti-spam barriers all the time. A good example of this is when your e-mail provider blocks a message from “@freeoffers.com,” and a spammer begins to send the same message to you from “@yahoo.com” in order to bypass the block.

Spammers who create fraudulent e-mail accounts to commit identity theft are called “phishers.” Phishers can send fraudulent e-mail as anyone—from Microsoft or Bank of America, for example. Because phishers often steal graphics online, these e-mails have the look and feel of the real thing. The Washington Post recently reported that 1.8 million Americans gave out their personal information as part of phishing scams last year, and the problem has grown to worldwide proportions. Even your personal e-mail address could be floating around in Asia or Europe committing online fraud.

Small businesses that depend heavily on the Internet and e-mail to market products are finding themselves caught in a spam nightmare. When hackers (people who gain access to and tamper with information illegally online) and spammers hijack e-mail addresses, Internet providers shut down these otherwise legitimate e-mail accounts. Then anti-spammers blacklist the domain names (which locate an organization on the Internet—“@yahoo,” for example, or “@aol”) that send spam. So, if your e-mail address is stolen and used to send spam, you could end up on a blacklisted directory, and your account shut down until the name is removed.

About 70 percent of all U.S. businesses will be online in 2005, and that same percentage lacks anti-spam software. That leaves most businesses vulnerable to hackers who can remotely command their computers to send spam and viruses. They can steal a company's identity, then use that information to victimize the company's consumers by stealing their credit identities. Reports of online identity theft went up by 88 percent, to a staggering 162,000 cases, last year, up from 86,000 cases in 2001, according to the Federal Trade Commission. Phishers can even track the addresses to which you send the most e-mail and send those people fake e-mails from you. And if your residents think an e-mail message came from you, they'll be more likely to open it.

Suspicious e-mail messages include those that request personal, credit, or financial information. Instead of responding to such messages, contact the company it came from. When we open spam e-mails, we only make the problem worse. Spam and phishers are among the top frustrations when it comes to using the Internet, but by doing your part to protect your lines of communication, you can make a big difference in stopping them.

By Daryl Grimmett

Taken From *Upward Directions* (Jan/Feb 2005)

## VETERAN BOARD MEMBERS

### “The Good, The Bad, & The Ugly”

#### The Good...

Experience, sense of community, continuity, and fiscal savvy are often benefits of long-term board members.

#### The Bad...

Tunnel vision, entitlement and resistance to change can happen.

**The Ugly?** Not in this newsletter!

## How to Include Tenants in an Association

Tenants have become a fact of life in homeowners' associations. Here are a few simple steps to help tenants become members of the community.

### Rules are for Residents

Tenants need to know what the rules are and understand that they are living in an association. The challenge is getting information and cooperation from the owner, but it is well worth the effort.

### Respect Tenants

Don't stereotype the tenants in your community. Today's tenants may be tomorrow's board members. Encourage them to participate in community activities and get involved in the neighborhood.

### Welcome Tenants

A visit or phone call from a welcoming committee or board member goes a long way toward good relationships with tenants. Provide the tenant with a standard list of association rules, information on the amenities, and a list of current activities.

### Provide Tenants a Community Handbook or Other Materials

The more written information you provide to tenants, the better. Remember, although they should, nonresident owners often do not provide their tenants with copies of the association documents and other printed materials. Frequently, the tenant has no idea what is expected in the association.

### Encourage Tenants to Get Involved

The more neighbors a tenant interacts with, the better a neighbor the tenant will be. Treat tenants with respect, encourage them to join in and watch them become good neighbors and possible owners in the community.

# Homeowners Association Facts & Figures

“People who don’t give up  
often do get their way...”

**9,000-10,000**

Estimated number of new Community  
Associations formed on an annual basis

**1.25 Million**

Number of people who serve on  
Community Association boards  
nationwide.

**In 1970** there were  
10,000 homeowners associations

**In 1990** there were  
130,000 homeowners associations

**In 2005** there are more than  
260,000 associations with over  
50,000,000 members!

## HOMEOWNERS ASSOCIATION MANAGEMENT COMPANY

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**FREE SEMINAR**  
For HOA Board Members

# **KNOW YOUR LIABILITY EXPOSURE!**

*Presented by*

HOMEOWNERS ASSOCIATION  
MANAGEMENT COMPANY



*Guest Speaker*

**Elizabeth “Betsy” Carlson, RPLU, CIC**  
of  
Western Assurance

**April 7, 2005**  
**6:00 p.m.**

James Dwyer Substation  
12700 Montgomery Blvd.  
Albuquerque, New Mexico  
(505) 332-5254

## **What happens when a homeowner sues a director?**

Betsy Carlson, a 20-year veteran in the business insurance industry, will answer that question and more as she presents the finer points of risk management for homeowners associations. Betsy will cover all the essentials—liability, property, directors and officers and workers’ compensation.

Following Ms. Carlson’s presentation, Justin Scott, President of HOAMCO, will be available to answer any questions you may have regarding homeowner associations.

*Please RSVP by calling HOAMCO at 505-888-4479  
or 800-908-4479 no later than March 31.*

## **LIABILITY EXPOSURE FOR BOARDS OF DIRECTORS**

*By Martin Holland, Esq.*

Q. What liability exposure do I have by serving as a member of the Board of Directors for my non-profit homeowners association and how can I limit those risks?

A. The New Mexico legislature recognizes the value in having individuals serve as members of a non-profit corporation and has passed a number of laws to limit the financial exposure of individuals that agree to act as board members. The primary protection is set out in §53-8-25.2 of the New Mexico Non-Profit Corporation Act. That section states that no director of a non-profit corporation shall be personally liable to the corporation or its members for monetary damages unless: (1) the director has breached or failed to perform his duties; and (2) the act or inaction was willful or reckless.

The willful or reckless standard is a very high standard under New Mexico law and affords a great deal of protection for a board member.

The duty to perform is also defined under New Mexico law. In order to satisfy the duty, a director must act in good faith with the care that an ordinary prudent person would use under the same circumstances. The good faith standard is designed to insure that even a mistake is not punishable as long as the mistake was honest and not with some ulterior motive. In performing the duties, a director may rely upon the factual information, opinions and reports given to him or her by the officers, attorneys and accountants of the association as long as the professionals are believed to be competent. There is no “Enron like” director responsibility to go behind the reports and opinions to independently determine if the information being provided is accurate unless there is some information that leads you to believe the reports or opinions are not accurate.

It is, therefore, important to have open discussions among board members before any decision is made, obtain sound professional advice from professional association managers, attorneys and accountants, know the association covenants, bylaws and articles of incorporation, apply them in a fair and consistent manner to each situation and then use your best collective judgment as a group to make a decision. It is particularly important to seek advice from an experienced association manager or attorney since most of the problems and situations you will encounter as an association board have been encountered by another association in similar circumstances at some prior time. If you follow these guidelines, there is limited financial exposure as a board member and you should feel free to make the best decision possible for the over all good of the association.

*After obtaining a Masters Degree in Business Administration, Martin Holland graduated cum laude from the University of New Mexico Law School in 1986 and has practiced in the commercial real estate and contract areas of law for 18 years. He is an AV-rated attorney and represents a number of homeowner associations and property management companies in New Mexico.*