



M A R C H 2 0 1 0

Current REVIEW

News and Information to help inform and educate associates of HOAMCO.

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Communication Strategy – Your Key to Success

How many times and in what format during the last 12 months has your community had an opportunity to communicate with its membership? Certainly, there have been numerous occasions: welcome packages, annual meetings, budget distributions, website postings, compliance letters, delinquency letters, assessment billings, and so forth. These are all consistent and expected occasions by which to communicate. But, are they deliberate, part of an overall strategy, and well-received?

As board members you are asked to make many decisions, from architectural requests to budget approvals. Although these operational decisions are very important to the community, it is just as, if not more, important to focus on communication. Building a wide-ranged, proactive and inclusive communication strategy adds value to your community, enhances community relations internally and externally, and simply leads to a happier and more involved membership.

If building a communication strategy is a goal

of your board, excellent. If not, I strongly suggest that you consider a communication strategy as one of your board goals. Let us help you get started. . .

STEP ONE – Assess the current methods and formats currently being used:

- ▶ What methods/formats are being used?
- ▶ What is the frequency?
- ▶ What is the cost to the association for each?
- ▶ Who is the audience for each method?
- ▶ What barriers of communication exist? (For example, language, out-of-state owners, low percentage of owners who use electronic means.)

Your current methods likely include:

- ▶ Pre-sale packets (escrow)
- ▶ Welcome packets
- ▶ Annual Meetings
- ▶ Board Minutes (as long as these are being shared with the membership)

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Is it time for your Association's insurance checkup?

By LeAnn Brum, CISR, HOA Insurance, The Maboney Group & Lynn Krupnik, Ekmark & Ekmark, LLC

One of the most important steps that an association can take to protect its future insurability is to be pro-active rather than reactive.

The information contained in this article is for informational purposes only and is not specific legal advice or a substitute for specific legal counsel. Readers should not act upon this information without seeking counsel.

Recently, we have been presented with a variety of issues relating to insurance. As the cost of insurance increases and buildings age, new issues arise that did not plague associations in the past. Associations that were dealing with \$1,000 deductibles in the past are now dealing with \$5,000 and \$10,000 deductibles, with no money budgeted to pay these amounts. Also, the insurance policies have changed to the point where associations either

have no coverage, or very limited coverage, for mold remediation. Due to these changes, associations should perform an "insurance checkup" to determine not only what insurance coverage they carry, but what insurance coverage they are supposed to carry and whether changes need to be made to their governing documents to properly address these issues. One of the most important steps that an association can take to protect its future insurability is to be pro-active rather than reactive.

There are several issues that a Board of Directors of an association should consider when reviewing the insurance coverage of its association. The Board of Directors should review the association's governing documents to determine exactly what coverage the association is required

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Communication Strategy – Your Key to Success

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- ▶ Billing statements
- ▶ Board meetings – report section
- ▶ Newsletters ▶ Website
- ▶ Compliance letters ▶ Delinquency letters
- ▶ FAQ sheets

STEP TWO – Identify which current methods/formats are engaging in two-way communication with the membership. Identify which methods are conveying positive news about the community. For instance, how does the membership submit concerns to the board? How are volunteers recognized in the community?

STEP THREE – Identify which current methods warrant further review, in what time frame and by whom the review will take place. For instance, perhaps the welcome letters need to be more welcoming and informative.

STEP FOUR – Create a Communications Strategy. Be sure to identify timeline, person responsible, purpose, and tasks that need to be performed. Appointing a Communications Committee is recommended.

To the right is the start of a sample Communications Strategy that may serve as a reference for you. Of course, HOAMCO is here to help guide the process. *Communication, communication, communication... may very well be the key to your community's success.*

Judy Smeltzer
Chief Operating Officer, HOAMCO

SAMPLE

Communications Strategy Happy Community 2010

- 1) Redesign Welcome Packet by April 30, 2010.** Appoint manager to compile draft packet. Create a top ten list of things all new owners should know about the community. Revise letter to include key contact information. Ensure that all updated policies, rules and regulations, amendments, etc., are included.
- 2) Begin formulating website by June 2010.** Cost not to exceed \$150 per month. Appoint one board member and two community volunteers for design/layout. Complete by August 30, 2010. Purpose of website is to: (1) post relevant community information for the membership and beyond, such as realtors, potential residents, and local businesses; (2) allow members of the community to dialogue with board members and manager; (3) allow members to voice concerns regarding the operation of the community; and (4) allow the community to share its successes and to recognize key volunteers in the community. Inform membership of new website implementation in upcoming newsletter, assessment billing and at all board meetings.
- 3) Conduct neighborhood informational meetings** in July and September, 6:00 p.m., at the community center. Report on the status of the community and allow opportunity for membership feedback. Follow up with a summary of the meetings in the next assessment billing. Inform membership of scheduled meetings in upcoming newsletter and assessment billing.
- 4) Develop a Community Feedback Card** by May 30, 2010. Card to be available at community center, on upcoming website, at annual meetings, in mailings, and on assessment billing statement. Draft Community Feedback Card to be presented to board in April.
- 5) Policy Implementation Protocol.** Policy resolutions that affect owners' rights and obligations to be distributed to membership prior to going into effect (at least 30 days) to allow time for membership awareness and membership comment.

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Is it time for your Association's insurance checkup?

to maintain. From there, the Board of Directors should create a complete and detailed list of what the association and the owner are required to maintain versus what each is required to insure. Please note that these lists often do not match. Often, especially in a condominium, the association is required to carry insurance on more of the property than it is required to maintain.

After performing this review, the association should determine if the documents match with the way the association operates. For example, the governing documents may state that the association is required to insure the entire unit, including everything contained within the unit except the

personal property of the owner, but the association may only carry a "bare walls policy," which does not cover the fixtures, floor coverings, or wall coverings. If there is a discrepancy, the association needs to consider amending its governing documents. If the association's insurance coverage does not match with what the documents require, the association could find itself liable for the difference.

When performing its review, the association should consider the following issues (in addition to maintenance and insurance responsibilities for the structure and the unit):

1. Who is responsible for the insurance deductible?

Many association documents do not specify who is responsible for the insurance deductible of the association. However, many associations assume that the owner of the unit is responsible for the deductible. If this information is not clearly spelled out in governing documents, this becomes a controversial issue, and ripe for litigation.

If the association's governing documents do not specify who is required to pay the insurance deductible, the association should

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ADAPT AND LEAD

By Dori Meinert

Financial pressures and homeowner complaints can wear a board member down. Some days, you feel like you're getting hit from all sides. You're tempted to throw in the towel.

But other days, you're confident you have what it takes to get your community through the latest difficulty. Your leadership will guide the way.

Whether in community associations or the business world, today's leaders face unique challenges, which are constantly changing. Those who want to be effective leaders must adapt, warns retired Marine Corps Gen. Anthony Zinni, who is a co-author of the book, *Leading the Charge, Leadership Lessons from the Battlefield to the Boardroom*.

If they don't, they won't achieve their vision of a thriving, prosperous organization, he says. Instead, they'll be left struggling, reacting to each new problem, instead of moving forward. Zinni recently spoke to *Common Ground* about how association board members can improve their leadership skills.

What makes a good leader in your view?

Competence, caring and decency are the three core attributes of a good leader. You have to be exceptionally competent in your field. Second, you have to be caring. You have to care about not only those you lead, but those you affect, whether they're your customers, your shareholders or people in your community.

The third is decency. You've got to do the right thing. The ethical and moral behavior of leaders as role models has to be held. We see all sorts of examples where people violate this and degrade their reputation and image and that of their organization. The result is lack of trust, lack of faith and disappointment, and it affects those you are trying to lead.

Is leadership an innate ability or something we can learn? I think you can have certain innate skills and talents that maybe give you a little advantage. Some people are very outgoing; they communicate well. Others are shy. But I think any type of person can be an effective leader. I think leadership development programs and a sincere interest in wanting to develop into a leader are important. I've seen effective leaders who have all sorts of innate abilities and limitations, but it's about understanding who you are and what those limitations and strengths are—how to minimize those weaknesses and how you play to those strengths.

In your book, you say leaders need to learn how to think. Can you explain that? Most people in leadership positions who tackle a problem or an issue don't spend the time or don't know how to analyze what they are dealing with before they make a decision. They don't have a way to analytically take apart whatever this problem or issue is and then put it back together in a way that allows them to see it in context to make the right decisions. That's called critical thinking.

The second element is systems thinking, understanding how this issue or problem fits into an overall system, and how that system fits into other systems. In other words, see the connections, interactivity and relationships.

Finally, you have to develop an ability to think creatively through solutions and good decisions. In this day and age, you really need creative, out-of-the-box thinking, but it can't be just outrageous thinking. It has to be based on that critical thinking and systems approach.

What's the secret to building an effective team?

Everybody has to understand and agree on the purpose and the mission of the team. Everybody has to feel they are a contributing part of that team, and recognition and success have to be for the team and what it accomplishes rather than for the individual.

Running a community is a never ending job. There's so much to do and so little time. How can good leaders set priorities?

It seems sometimes the priorities run vertically—everything's important. I don't think everything can be important. So you have to make some hard decisions. If you don't prioritize, you diffuse everybody's attention, and it's harder to focus attention on what comes first. It's important to get everyone involved in setting those priorities and to understand where you're going to take a risk in terms of lower priorities. Without priorities in this day and age, you get spread too thin and the important things don't get the focus in the end. It's an important part of a leader's responsibility.

Many of the communities are facing unprecedented financial problems. How do good leaders react to a crisis? A leader can't commiserate. Everybody is going to be under tremendous stress. The leader has to be the rock for the organization. The leader can't feel sorry for himself or herself. He or she has to appreciate what people are going through, but help them

understand they can get through this.

Be willing to make hard decisions. Always explain those decisions and why you made them. Keep lines of communication open. Be sympathetic, but not to the point where you create an atmosphere where everyone is feeling sorry for themselves in the organization. You have to create a positive and optimistic environment, not to be Pollyannaish about it, but to be that kind of leader whom everyone says, "I think my leader can get us through this."

How can leaders avoid making bad decisions?

Try to run an organization that is participatory. That still means a leader is going to make hard decisions. But stay open-minded. Don't come in with pre-conceived notions. Weigh all the input. Make a decision based on knowledge and experience. Define the problem very specifically. Make sure everyone understands the problem. Don't rush to a solution before you've defined the problem. I've found that when you do that, the problems aren't as bad and the solutions are much different than what you would have had.

Be decisive. But once a decision is made, pay attention to what's happening. If you have an opportunity to adjust or change when something's not going right, you can. Those are the keys. I think bad decisions usually are made because there's a lack of critical thinking in analyzing what you face.

As a diplomat, you've worked to bring together people with widely divergent views. What advice can you give association board members to help prevent neighborhood conflicts from escalating?

Find common ground first. It's important to find the places where you have agreement, even if those things are relatively simplistic or minor. When you start that way, you often find there are more things you agree on than people realize.

Second, make a commitment to work in a positive, constructive way. It changes the mood and the competitive or adversarial relationships that people might normally come in with. Then, define exactly what the problem is and how everybody views it, and do a constructive analysis of that problem before leading to some sort of collective decision.

Dori Meinert is editor of *Common Ground*. Reprinted from *Common Ground*, January/February 2010, a publication of Community Associations Institute.

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consider amending them to clearly identify this requirement. If it is not possible to amend the association's governing documents, the Board of Directors may consider establishing rules (based on its rule-making power) clearly specifying who is responsible for paying the insurance deductible. This information should be provided to the members on a regular basis (including recording this information against the property) to help support the association's position, if ever challenged. Please note that if the association's governing documents clearly specify who is responsible for paying the insurance deductible, the association cannot change that requirement without amending the declaration.

2. Who is responsible for mold remediation?

Most association documents are silent on the issue of mold remediation. Although the association is often required to carry insurance where mold is found, it usually has very little (or no)

insurance to cover the cost of the remediation. The association should consider amending its governing documents to clearly identify who is responsible for mold remediation. If, again, this is not possible, the Board of Directors may consider establishing rules, if it has the power to do so, setting forth who is responsible for the cost of mold remediation. Even with the establishment of rules, the association should be aware that it may be responsible for mold remediation in many situations, especially in a condominium. If mold occurs in an area that the association is normally responsible for maintaining, the association will probably be responsible for performing the remediation, unless the association can prove that the mold is caused by the owner's negligence or willful acts. Many association documents make the owner who causes damage to the common area by his negligence or willful acts to be responsible for cost of repairing the damage.

Another related issue is how can the association

prove an owner was negligent or willful in causing the damage. Many associations have adopted rules to address problems that often lead to mold. For example, an association may adopt rules requiring owners to shut off the water to their unit (to the extent possible) when the unit is vacant for more than a few days, or require owners to replace any plastic tubing connected to any plumbing fixture in their unit with steel-braided hoses, to help prevent water leaks. If an owner then violates the established rules of the association and such violation leads to mold, the association may point to that violation to attempt to hold the owner responsible for the cost of the resultant damage. These are just a few examples of rules that the Board may wish to consider to help prevent mold damage.

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