

CMA'S LEADERSHIP ADVISOR

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A Guide to Successful Partnerships

Judi M. Phares, President and CEO, RTI/Community Management Associates, Inc.

Dear Leaders:

A few years back, my husband and I realized our lifelong dream to go on an African photographic safari. We dutifully checked off the list of clothes, cameras and film, passports, immunization records, etc. well in advance of our anticipated departure. As we boarded the plane to Tanzania, we had done our best to pack the essentials. Yet we also felt the qualms of embarking on a two week trek of the African Serengeti, whose mystique was totally outside our realm of experience. On arrival, our concern was soon dispelled as we entrusted ourselves to our guides, a group of dedicated hosts serving us and offering their hospitality. They welcomed us and acquainted our group with the language, customs and protocols of going on safari in an exotic place.

We formed a fast alliance with our guides, whose role it was to know the essentials and drive the vast wildlife preserve, locate the big game, keep us on schedule to arrive at our lodge and find the next watering hole. It was a relief to leave the itinerary and its execution to our guides, so that we could focus on our roles: keeping the camera loaded with film and at the ready, soaking up the sights, sounds, smells and sheer thrill of seeing elephants, lions and other magnificent creatures in their native habitats. And above all, avoiding being mistaken for fast food by a hungry lioness.

We ended our journey as friends, partners in a great adventure, well-served by the bond we had formed. This partnership ensured our survival in potentially risky situations, and also allowed us the indulgence of visitors and learners – asking questions and snapping photos, not shouldering the day-to-day burden of finding food, shelter and safety, in an unfamiliar wilderness.

So it is with many ventures; we form alliances that serve us well, with partners that share our goals and bring their complementary strengths to the partnership. And by working closely together over time, we strengthen the bond and build trust. By striking a balance between differing skills and roles and our mutual dependency, your Board and CMA jointly serve the best interests of your community, strengthen the partnership, reap the benefits of “synergy,” and build a solid foundation to sustain the community for the long-term.

CMA's mission is to serve your Board by building a strong partnership. We offer the following suggestions to help us work together for the benefit of your community.

Sincerely,

Judi M. Phares, CMCA®, PCAM®
Publisher



LEADERSHIP
DEVELOPMENT

Partnerships That Keep Boards Humming

Legendary partnerships produce remarkable results. The timeless songs of Rogers and Hammerstein have transcended mere tunes to take their place in popular culture. Stirred by their skillful blending of lyrics and music, we sometimes can't resist humming or whistling along with the “sounds of music” of the dozens of tunes they composed.

How might their genius apply to creating a harmonious partnership to serve the best interests of your community? The differing roles, skills and personalities of this song-writing duo blended to make their long-lasting partnership a spectacular success. Likewise, in our roles as partners in serving your community, it's worthwhile to get in tune with a basic understanding of the roles, skills and goals which make for a successful alliance.

Simply put, the Board's role is to establish

(Please see “Partnerships” – page 2)

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Partnerships *(continued from page 1)*

the policies of your community. CMA's role is to carry them out in the day-to-day administration and operations, as outlined in the management contract. Because owners depend on the Board to maintain their property investment, Directors must adhere to strict standards of review in performing their duties. A fiduciary duty is a special relationship of trust, confidence and responsibility in your obligations to the association's members.

To clarify this further, business judgement is characterized for HOAs as the duty of care and the duty of undivided loyalty. For example, on a developer-controlled board, a board should not fail to take collection actions on delinquent assessments from developer-owned units.

Or consider a partnership like that of the Wright brothers. Orville and Wilbur knew the nuts and bolts of bicycle repairs, but their imaginative flights of fancy and diligent application transcended bike mechanics. Their Kitty Hawk trials revolutionized our very notion of transportation. A successful partnership sparks a synergy among the participants, so that the combined results are greater than the sum of their individual effects. The achievement of these aviation pioneers formed a foundation of aerodynamics for generations of successors to build upon.

Like professional guides, bike mechanics or even song writers, there are practical contributions your association manager can make to the partnership:

- Help the Board improve its procedures
- Point out potential pitfalls and legal ramifications
- Translate the Board's ideas into words and actions for the membership
- Recommend individuals for committee service
- Supervise vendors/service providers
- Help you organize and prepare for well-run meetings



- Be a knowledgeable professional resource who will answer your questions with your best interests in mind.
- Execute daily operations stemming from the Board's decisions.

As volunteers for their jobs, Board members may face some trepidation—not so much about their roles, as about wanting to use their time effectively and being unfamiliar with new people and procedures. Fortunately, HOA governance is not an uncharted territory. The path for your community is mapped out clearly in the governing documents. Like Lewis and Clark setting out on their quest to reach the Pacific, you have an

experienced guide to do the heavy lifting. You rely on your partner, CMA, to keep track of numerous details and avoid risky situations, such as, deadlines, debts and delinquencies, budget variances, violations, and vendor contracts.

What you bring to the partnership will enable you to make the most of your investment of time and your HOA's resources, and perhaps even spark the synergy that makes for successful Boards and great partnerships.

An Interesting Fact:

According to the Community Associations Institute, there were an estimated 286,000 U.S. association-governed communities in 2006, with 57 million residents living in those communities. This compares with 10,000 communities with 2.1 million residents in 1970, the first year for which data was available. Association-governed communities include homeowners associations, condominiums, cooperatives and other planned communities.



Arbor Lakes HOA Board Forges Hands-on Partnership

What do good HOA Boards and great partnerships have in common? We asked Board president Tim Purser, of Arbor Lakes HOA, a community of 160 homeowners in Allen, to share what is working for their Board and the challenges they are addressing. Tim's insights may be helpful to your HOA, as well.

"Our HOA has a great working relationship with CMA, excellent cohesion among its Board members, and is highly responsive to homeowners," says Tim. Purser is a commodities broker by trade, and an enthusiastic activist by personality, a style he brings to his role as Board president. Arbor Lakes HOA is served by three Board members, a quarterly newsletter, a website and CMA association manager, Ed Laskey.

Tim has lived at Arbor Lakes for six years, and previously served on the HOA's Architectural Control Committee. When Tim was elected as president three years ago, the community had experienced a budget crisis, while managed by another management company. The HOA had depleted all its funds, with several months remaining in the year, and was owed many thousands of dollars in unpaid assessments.

Tim was among the volunteers who pitched in to mow and maintain the common area during those days. That time behind the mower wasn't his sole motivation to serve on the Board. Tim also had a number of ideas he wanted to see implemented to benefit the community.

He characterizes himself and fellow members Steve Luke, vice president, and Mary Do, secretary-treasurer, as action-oriented sound thinkers. Their Board works well together because their skills complement one another, and they have a common goal. Tim says he knows a Board can't work as effectively when members work at cross-purposes, or have personality conflicts.

Typical of their "get it done" attitude is the communication between Board members, the CMA manager and staff and homeowners. In between their monthly meetings, Board members talk 4 or 5 times by conference call. Their CMA manager Ed attends the Board meeting once a quarter, prepares their



Pictured Left to Right: Steve Luke, Vice President; Mary Do, Secretary-Treasurer; Ed Laskey, CMA manager; and Tim Purser, Board President.

monthly agendas and reports for each meeting and follows up on action items regularly. Among other tasks, Mary takes minutes of the meeting and posts them to the HOA website. Tim follows up with Ed to discuss board action items and homeowner concerns. Clear roles and responsibilities enable everyone to contribute effectively. The Board makes decisions quickly, and Ed executes them, earning kudos from the Board for his prompt follow-through.

Tim acknowledges that Arbor Lakes' greatest challenge had been financial. "It is critically important to collect monies owed to the association," says Tim, "and Arbor Lakes has turned the corner." To achieve that goal and regularly monitor delinquent

accounts, Tim talks with Rose Hill in the CMA collections department monthly. "She's tough, fair, effective, and fantastic," says Tim. "Significantly, we now have savings and a surplus in our reserve fund and only two delinquencies to date."

"We monitor all of the CMA customer service requests to ensure we are being responsive to homeowners," says Tim. "And having a surplus of funds, maintaining our common areas and adding three new fountains to our lakes to beautify the community, I think the results speak for themselves."

Six Essentials for Board Success

The following principles are gleaned from CMA's Board Orientation educational materials. Details of these and other best practices are in a handy reference binder given to Board members at the Orientation. Contact your Association Manager about attending the next session.

1. Be committed.

- Attend the Board meetings.
- Be prepared. (Read the Board packet before the meeting.)
- Read the memos.
- Pay your assessments on time.
- Don't expect that rules will be bent for you.
- Have a thorough knowledge of the governing documents, and your duties as a Board member.
- Avoid conflicts of interest and self-dealing. Make independent decisions in the best interest of the association as a whole.
- Attend CMA Board Orientation.

2. Get organized.

- Set the dates for meetings and stick to them.
- Follow the agenda.
- Take the meeting minutes.
- Review your manager's association planning calendar, monthly reports, and other tools.
- Rely on CMA's record-keeping and archives, databases, Board books and Board meeting packets.
- Follow parliamentary procedures.

- Write a strategic plan for your HOA.
- Conduct an annual review of the budget and the operations.

3. Follow sound financial practices.

- Familiarize yourself with CMA's budget process for thorough vetting and revisions.
- Attend the CMA Treasurers' Meeting.
- Keep a tight rein on budget variances and delinquencies.
- CMA writes your checks and balances your books. The Treasurer's review and oversight is key to addressing HOA financial issues.
- Adhere to a wise maintenance schedule.
- Set aside an adequate and realistic reserve fund.

- Insure HOA assets adequately. CMA can guide you to an insurance agent offering coverage specifically designed to satisfy the unique needs of HOAs.

4. Demand operational excellence.

- Operational excellence maintains property values and promotes a harmonious, well-running living environment.
- Rely on CMA to oversee vendors and maintenance.
- Be consistent in enforcement of policies and procedures. Liability arises in such areas as failure to enforce the association's governing documents (CC&Rs and Bylaws) or enforcing them in an arbitrary and capricious manner; for example, allowing some residents to make architectural modifications without requesting approval of the ARC.
- Conduct regular reviews of operations with the manager.

(Please see "Essentials" – page 5)



Thinking of Running for the Board?

Eight Questions You Need to Ask Yourself First

1. Do I have the time to devote to my duties and responsibilities as a Board member?
2. Do I work well with others?
3. What is the underlying reason I want to be on the Board?
4. What if I am sued personally for something I do as a board member? Does the Board have directors and officers insurance from a company that specializes in this type of insurance?
5. Have I examined the books of the association? What is the financial condition?
6. Do I know what the expectations of the Board and board president are? Rubber stamp?
7. Do I have thick or thin skin? Being on a Board is not for the faint of heart or overly sensitive people.
8. Will I be committed to see my term through? Boards don't need a member who serves only four or five months. The usual term of service is 2 years.

(Excerpt from Hindman Sanchez Community Essentials Newsletter, April 1, 2007)



LEGISLATIVE ADVISORY

Good News for HOAs in New Jersey Supreme Court

Reversing a February, 2006 appeals court decision, the New Jersey Supreme Court recently ruled unanimously that the Twin Rivers Community Association did not violate the state's constitutional guarantees of free expression by placing "reasonable" restrictions on residents posting yard signs, using the community room and having access to the association's newsletter.

This is precedent-setting legislation for HOAs in finding that the nature, purposes and primary use of property is for private purposes (in this case the Twin Rivers HOA) and does not favor a finding that the Association's rules and regulations violated plaintiff's (homeowner's) constitutional rights."

Balancing the plaintiffs' expressional rights against the Association's private property interest, the Association's policies did not violate the free speech and right of assembly clauses of the New Jersey Constitution.

Essentials *(continued from page 4)*

5. Build community through committees.

- Active committees, such as social, crime watch, landscape and architectural, are the backbone of the Association.
- Committee reports help the Board to make informed decisions and build teamwork.
- Board members who feel they must shoulder all the responsibility can burn out, and leave the HOA unprepared for a future successor when they complete their service.
- Be a mentor. Choose committee members to groom and cultivate. Committees are great incubators for future HOA leaders.
- Committee members can make valued contributions and are more likely to identify with the community if they have a personal interest in its administration.
- Committee members bring new ideas, enthusiasm, and may help to surface and resolve conflicts that might otherwise polarize the community.

6. Communicate regularly with homeowners and your CMA manager.

- Newsletters, websites and communications with assessment mailings are all good means for communication with homeowners.
- Social events which promote interaction to mix and mingle are even better at building bonds.
- With your CMA manager and homeowners, alike, ask questions, read reports, give feedback, read and respond to your e-mail, and pick up the phone.
- Be prepared to hear criticism, for you can't please everyone.
- Finally, know that you are contributing to your community and helping your neighbors create a community of which they can be proud.



COMING EVENTS

Register for the CMA Treasurers' Meeting

A by-invitation only event for all treasurers of CMA-managed communities. Please join us to learn from association leadership and financial experts.

Date: October 13, 2007

Place: Omni Hotel, 1590 LBJ Freeway,
Dallas, TX 75234

Time: 9:00 a.m. - 11:30 a.m.

**RSVP by October 5 to: Pamela Packer
at (972) 943-2853**

or email:

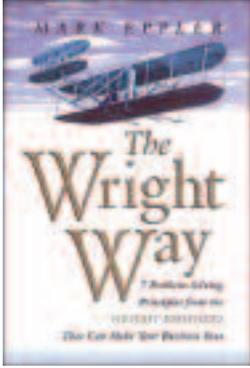
rsvpdma@cmamanagement.com

Board Orientation

A Board Orientation will be scheduled during November; date and time to be announced. Your Association Manager will supply further details when they are available.



LEADERSHIP DEVELOPMENT



The Wright Way: 7 Problem-solving principles from the Wright Brothers that can make your business soar.

By Larry Spears and Michele Lawrence, editors.

The Wright brothers were an amazing team. Working part time, these two previously undistinguished bicycle dealers solved a problem that had baffled, frustrated and defeated some of the most well-educated, well-capitalized and well-known scientific entrepreneurs who came before them. The story of how and why they succeeded in creating and flying the first airplane is not only fascinating, but also rich in problem-solving principles, which are, at times, refreshingly unorthodox.

Quote

"A volunteer is a person who can see what others cannot see; who can feel what most do not feel. Often, such gifted persons do not think of themselves as volunteers, but as citizens - citizens in the fullest sense: partners in civilization."

—George Herbert Walker Bush

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