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COMMUNITY MOMENTS

A REALMANAGE PUBLICATION



Pamela Winters

Community Association Manager

RealManage Raleigh

PRESIDENT'S LETTER

Yet another Memorial Day has passed as we honor all those who have served our great country and made the greatest sacrifice. It is hard to believe that summer is already upon us and the pool season is in full swing in most parts of the country.

Summertime is the season and time that your local management team can truly help boards and committee members foster unity and growth within your communities. From event planning of parties to weekend garage sales and community BBQs, there are endless ways in which to get the members of your community involved and enjoy everything the summer season brings with it.

We are committed to exceeding your expectations through all interactions you have with our team from a call to an email to planning your next meeting or event. If you have any feedback you would like to share with us on our performance and suggestions for improvement, we would love to hear from you. Feel free to send an email anytime to clientsatisfaction@realmanage.com.

Wishing you the best for a joyful summer season!



Chris Ayoub
President, RealManage

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EMPLOYEE SPOTLIGHT

Pamela Winters

COMMUNITY ASSOCIATION MANAGER - RALEIGH

Pamela Winters is a Community Association Manager for the Raleigh, North Carolina market. She joined the RealManage family in November 2016 and hit the ground running in the middle of budget season and has not stopped since. She has been an HOA Community Manager since 2007 and brings a wealth of knowledge to the RealManage family to include budget planning, developer transitioning, violation management, and architectural control, to name a few.



Pam has become an integral part of the Raleigh market and has developed important working relationships with all of her board members and developer clients which have led to referrals and new communities. She is always there to lend a helping hand and is someone that I can count on whenever I need the extra help. Pam is hard working and always has a can-do attitude. I am so extremely fortunate to have her as part of my team and proud to spotlight her as a RealManage ambassador. Thank you, Pam, for all you do!

Written by *Holly Bunch*
Director of Community Association Management



The Winston Village Association of Bolingbrook, Illinois, is a 672-unit association with a clubhouse, pool, playground, all of which takes a “Village” to maintain its beauty.

At the helm of it all is, board president, Rosemarie King who has served this community as a member of the board for 15 years. Denell Johnson serves as vice president and always comes to the rescue when issues within the clubhouse take place after hours. Everything from meeting with the air-conditioning contractors on sweltering summer days to cleaning up between clubhouse rentals, Denell is always there to lend a helping hand. Kevin Callery, also a long-term board member, serves as treasurer, Judy Miller as secretary, Gloria Walters, Toni Ellison, Diane Zeigler, Cindy Iaccino, and Victor Bedoya all serving as directors.

Every one of these members work hard towards ensuring the needs of the Winston

Village Association are met. This board comes together each month with the same goal of having the community be a safe and desirable place to live all while remaining fiscally responsible. The board continues to be advised of any beneficial investment opportunities and each month deeply review their assets to ensure they continue to hold healthy operating and reserves accounts.

Winston Village operates with their on-site staff, in which the board is very mindful of the employees and always approach any employee-related discussions in a fair and professional manner. Over the course of this past year, the board was faced with having to hire an all new maintenance team. The maintenance team holds much responsibility in maintaining the assets of the community, and the hiring choices could not have been a better fit as it is apparent by improvements being made throughout the association and overall feedback from the community residences. While the staff is directly supervised by Community Manager, Jeff Madigan, Jeff remains in daily communication with Rose King to ensure that everyone is kept on the same page.

Rose has built a strong relationship over the years with the Village of Bolingbrook, which is a benefit to the community as a whole. Her strong

BOARD SPOTLIGHT

Winston Village Association

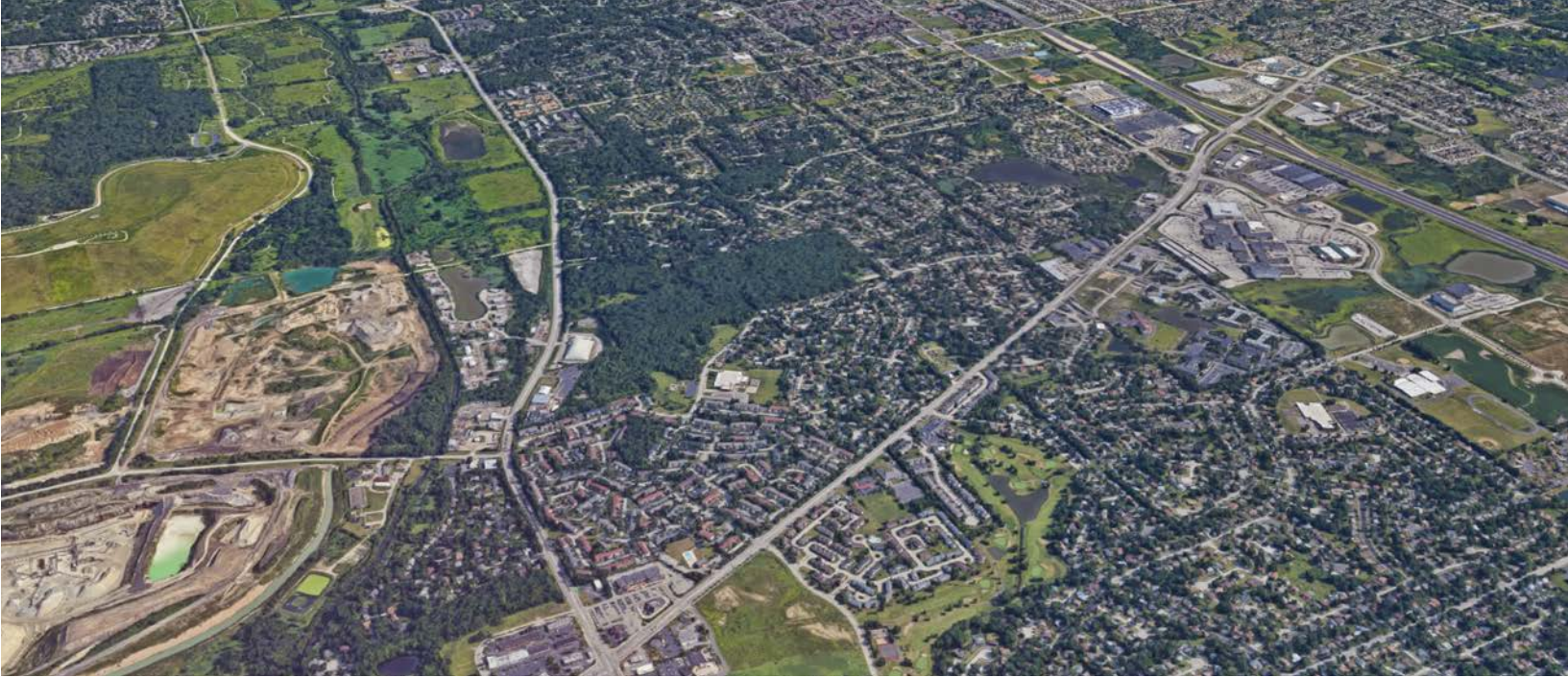
BOLINGBROOK, IL



desire to ensure that Winston Village does not go ignored has had the Mayor calling upon Rose for input on decisions that would impact the entire village. Her community outreach efforts are an added value to Winston Village that deserves recognition.

The board members would agree that this is not an easy job, but over the years by having consistency in the members that have been serving on the board, they have been able to accomplish all the tasks at hand. They come together knowing what is needed and how to get it done. This board is an exemplary team that has set the bar on how to serve a community for the betterment of the whole.

Written by *Daneen Reinke*
Division President – Illinois



What is the Purpose of a Community Association?

To provide for the community, business and governance aspects of the association. This is achieved by administering, maintaining, and enhancing a residential real estate development, and through the establishment of a system of property rights, binding covenants and restrictions, and rules and regulations.

Types of Residential Community Associations:

- 1. PLANNED COMMUNITY:**
 - An owner owns his/her lot and/or living unit
 - Community owns common areas for the use and benefit of owners
- 2. CONDOMINIUM:**
 - An owner owns his/her living unit, and
 - An undivided interest in the common elements
- 3. COOPERATIVE:**
 - An individual owns stock or membership in the cooperative, and
 - Holds a proprietary lease or occupancy agreement for his/her living unit

The three types focus on “ownership”, not architectural style. A townhome “style” community can be an HOA, or a condo. Single-family dwellings can be in a condominium association. The type of ownership is defined in the governing documents.

The three types of residential community associations can exist by themselves, or they can be grouped in clusters called:

MASTER OR UMBRELLA ASSOCIATIONS

Consists of more than one residential community association.

MIXED USE DEVELOPMENTS

Consists of a mix of residential and/or commercial and/or industrial uses.

"55 AND OLDER" COMMUNITIES

Typically requires one person at least 55 years old in 80% of occupied units.

Planning and Paying for a Major HOA/Condo Reconstruction Project

A major reconstruction project requires careful consideration and research. Before the shoveling of any dirt there are two key elements that are crucial for a successful project:

- **A strong understanding of the association finances and a thorough understanding of available finance options.**
- **Specific details and specifications of the project.**

The two elements stress the importance of **A)** knowing how much the project is going to cost and figuring a way to pay for it. **B)** knowing what you want and how you want it done. A major reconstruction project has the potential to become overwhelming. By taking the following steps, your community will be better prepared from start to finish.

Planning for the Project

1. CONDUCT A SITE REVIEW

A site review is helpful in determining the scope of work required for the project. Site reviews are mostly related to large items such as a roof or walls. Reviewing a site takes time as it requires studying those items requiring replacement. This is also a good time to consider how the project might affect residents. As with any construction project, it's best to find ways to conduct the work with as little interruption to daily life as possible.

2. CONSTRUCTION MANAGEMENT PROJECT SPECIFICATIONS

In order for contractors to provide accurate bids, they must know as much detail as possible. The construction management project specifications include topics such as safety protocols, local compliance requirements, on-site sanitation, and payment arrangements.

3. SOLICIT BIDS

Now is the time to solicit bids from reputable contractors. Choose only those contractors with proof of insurance and licenses, and who have favorable reviews. Contractors selected to bid on the project will make a site visit. Be sure to have an HOA reconstruction manager or board member meet the contractors on-site. Set a deadline for receiving bids and stick to it. It is the responsibility of the construction management team overseeing the project to select the winning bid.

Paying for the Project

1. APPLYING FOR A BANK LOAN

Depending upon the size and scope of a project, an association may use reserves to finance the reconstruction. In the event of an emergency or large project, a bank loan may be necessary. The first step in this process is to conduct a reserve study. A reserve study does several things:

- **For the association, it is a helpful tool in assessing not only the funds needed for the project but also the future needs for maintaining the property.**
- **For the bank, it is a helpful assessment tool which may be used to assess whether the association will be able to repay the loan.**

2. PRELIMINARY FINANCIAL ASSESSMENT

The bank will conduct a preliminary financial assessment to determine the source of the association's repayments. This process typically takes anywhere from four to six weeks and involves a variety of factors, such as association size.

3. A PROPOSAL

Once the bank provides a proposal, expect the bank to finance about 70-75% of the total project. Check your association's governing documents to learn if a vote of the membership is required for official loan acceptance. It is important that all members understand the loan is considered an unsecured commercial loan to the association. It is not a loan to the individual members of the association.

Moving Forward

Only a few more steps are required: the signing of the contract, the Notice to Proceed, and the preconstruction site review. While a community association's reconstruction project is both stressful and exciting, it is indeed a marathon and not a sprint. Several steps take more than one week to complete and taking each step seriously is vital to averting project disaster.

Are HOA Rental Caps Worth It?

When your condo or homeowners association allows rentals, whether short-term or long-term, it brings up some questions. One of the issues that an HOA board will face is whether or not they want to issue a rental cap or have the authority to do so. Understanding the benefits and drawbacks of this rule will help determine whether or not this is an appropriate choice for your association.

What is a Rental Cap?

A rental cap, simply put, is a limit on the number or percentage of units within the community that can be rented out by the owners at any given time. Not every community needs--or even wants--to have a rental cap. In some cases; however, limiting the number of units that can be rented at any given time can have a significant impact on the community and help the condominium association or HOA reach its overall goals.

THE BENEFITS OF RENTAL CAPS

Instituting a rental cap helps condos and HOAs keep more control over the community as a whole. Renters, especially short-term renters, are often less invested in the property than the owners. They often come into the community without the same understanding or respect for the rules, and it may be more of a struggle to enforce those rules. Consider some of these key benefits of rental caps:

- **In some cases, you may be able to market units within community associations with rental caps more effectively. Some homeowners prefer the idea of moving into a community where owners, rather than renters, are the norm.**
- **Owners are more likely to become involved with community governance, engage in social activities, and help build a sense of community throughout.**
- **Rental caps may allow your community to stay within FHA financing guidelines regarding maximim number of units in the community.**
- **Fewer renters can mean lower disruption to community members since owners are more likely to stay long-term.**
- **Owners often care more about maintaining the community as a whole and will, as a result, put more effort into their units.**

DRAWBACKS OF RENTAL CAPS

While rental caps have clear benefits, there are also times when you might not want to institute this mechanism in your HOA. Before opting for rental caps within your association, make sure you consider these drawbacks.

- **Owners who are unable to rent out units may have to opt for quick-sale options, which may ultimately lower values within the community.**
- **Foreclosure is a higher possibility without rental options, which can mean homes are sitting empty long-term. Maintenance on these lots can be low, leading to a community that fails to look its best.**
- **It is difficult to know for certain whether or not a property is being rented -rental caps may lead to owners not disclosing if they have rented their property.**
- **You'll have to keep up with a wait list for rental properties, monitoring the person who is next on the list to be able to rent out their unit.**
 - **There could be increased management costs associated with enforcing a rental cap--as well as time spent on this task by the HOA board.**

Whether or not your association decides to enforce rental caps will depend on your environment and your unique situation.

It is important to note; however, that choosing to implement a rental cap does not mean that the process will happen overnight. A resolution should be passed by a 2/3 majority of homeowners--and attaining that vote may be a complicated process. Before making this decision, it is important to discuss it with board members and among members of the community to ensure that it's the right choice for you.



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