

Quorum

Coachella Valley Community Associations Institute Magazine

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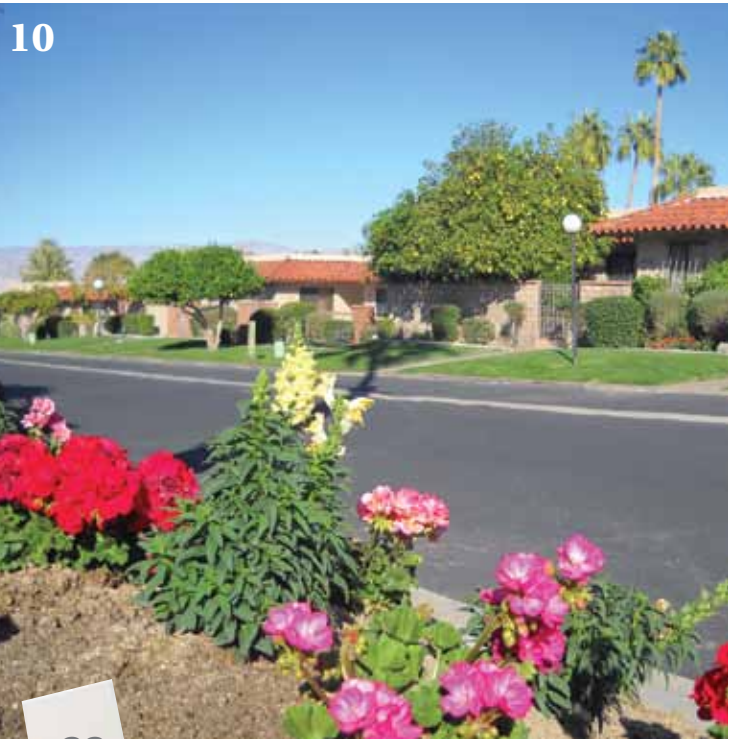
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President's Message

Rob Winkle, Western Pacific Roofing Corporation
CAI-CV Chapter Board President

Well, here we are in March as the year spins by. Casino Night 2012 was a big success, I hope everyone had a great time. Thanks to the hard work of the Chair **Jeff Grady** with **Sign A Rama**, his Co-Chair **Gloria Kirkwood** with **Palm Valley Country Club**, and Past Chair Gerard Gonzales with **Albert Management, Inc.** The committee, including **Lori Fahnestock** with **Powerful Pest Management**, **Jamie Saldivar** with **Desert Resort Management**, **Leslee Williams** with **The Monarch Group**, **Louise Stettler** with **Epsten Grinnell & Howell**, **Micha Ballesteros** with **Flood Response**, **Sue Anderson** with **Universal Protection Service** and **Tad Black** with **Gothic Grounds Management**, pulled out all the stops to create a fun and exciting "Year of the Dragon" themed event which brought together friends and peers for a fun night of socializing.

March is a busy month beginning with Daylight Savings Time on Sunday, March 11th and the first day of Spring on Tuesday, March 20th. Don't miss the breakfast program on Friday, March 9th, the topic is Spotting Risk and Managing Exposures with guest speaker Jim Agostini, Senior Risk Manager for Community Risk Management Company. For those who are Irish, or just want to be so for a day, St. Patrick's Day is on Saturday, March 17th.

Please make sure you sign up for the Business & Education Expo on Tuesday, March 20th. Dr. Esmael Adibi, Director of The Anderson Center for Economic Research at Chapman University will be the guest speaker and will be sharing his insight into the economic direction we are headed in 2012. This is also a great time to thank our participating Business Partners for all of their support of our Chapter by attending the Expo, immediately following Dr. Adibi's presentation.

I have had the pleasure of sitting in on at least one of all of the committees meetings. I want to thank all of the volunteers for the amazing amount of work they put into their projects. If you have a chance to thank a volunteer, please do. So much of what makes our Association great is the selfless time and energy these folks contribute.



From the Editors

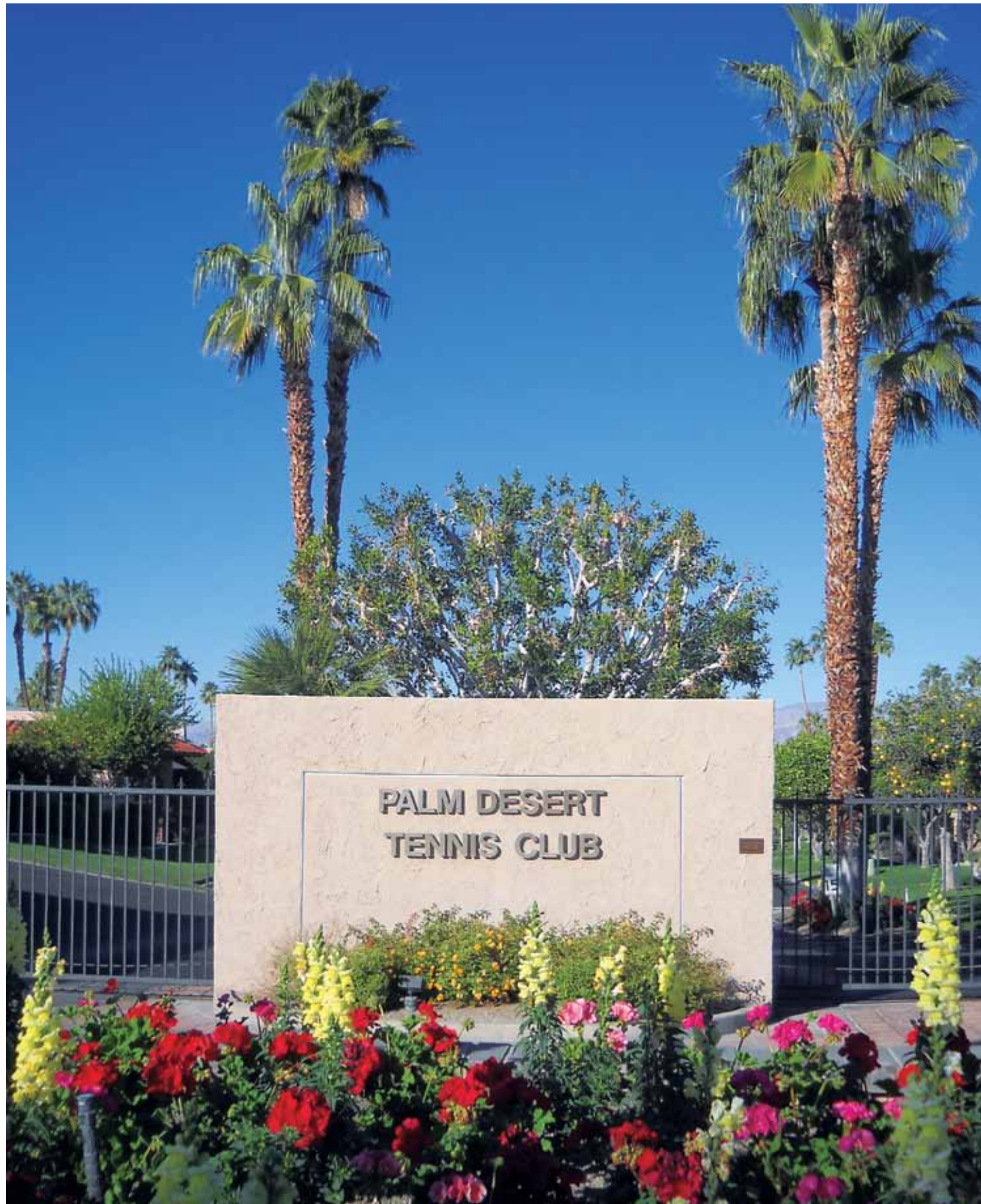
Dionne Petitpas, Three Phase Electric
Paula Tapia, Pacific Western Bank

Spring is near and the Coachella Valley is the place to be. We are fortunate to call this place that provides beautiful weather and surroundings, home. The lovely image on our cover this month is a great reminder of that. In this month's Community Spotlight we feature **Palm Desert Tennis Club Owners Association**; a community that will soon celebrate their 40th anniversary. It's clearly a wonderful place to live, especially if you're a tennis fan. For those of you that have been a long time resident of this Valley, you will appreciate the history this community has to offer.

A very exciting event that took place here was the 33rd Annual CAI National Law Seminar. This was a wonderful opportunity for the CID community to learn and discuss current issues. For an insightful review of the event, we have two articles to share from a speaker's perspective, and from an attendee. **Stephanie Otero** brings us a timely article on "Audit Preparation" which details the difference between an Audit and a Review – hopefully we'll only just learn of this by reading the article. We all deal with Board of Directors indirectly or directly, to gain a better understanding of the election process please take a look at **Richard Osbourne's** article "Making Every Vote Count." **Tim Bloom's** article on "The Power of Belonging" is relevant for all and a great reminder to reach out to anyone new in our community.

As you know we strive to keep the QUORUM fresh, relevant and educational. This month we have introduced a fun feature which we hope you enjoy. There are a just a few longtime members who have watched our Chapter grow to the success that it has become. See if you can spot some familiar faces or even yourself in "CAI History in Pictures."

Enjoy!



Palm Desert Tennis Club Owners Association

By Tony Brunner, Country Club Remodeler and Kym Taylor, Pinnacle Landscape Company

The Palm Desert Tennis Club Owners Association is located on about 20 acres of fee land on Mesa View just east of Highway 74 in the sheltered Santa Rosa Cove area of South Palm Desert. It is a gated community comprising 100 condominium units developed in 1973 by John and Beverly Fleitz. Beverly was a Wimbledon finalist in 1956 and in 1959 was ranked #1 female tennis player in the United States. The club has a rich tennis history as original condo owners included tennis greats Rod Laver and Jack Kramer.

Since its founding, the primary focus of the Palm Desert Tennis Club has been tennis. It comes as no surprise that the club offers and maintains first rate tennis facilities. These include eight lighted championship tennis courts complemented by a clubhouse with fitness center and an indoor racquet ball court. Club facilities include a complete pro shop, a free lending library, comfortable lounge area,

billiard room, a large deck overlooking the center court, and a well equipped kitchen. Breakfast and lunch are available on weekends during the season. There are BBQs in the greenbelt areas and, spread throughout the complex, are six swimming pools and five spas.

The condos at the Palm Desert Tennis Club are single story with two basic floor plans in approximately 1600 square feet each. They are mostly three bedroom, two bathroom units with fireplace and front and rear patios. Those few units that are currently on the market are listed from \$235,000 to \$325,000.

Most of the original homeowners were from Southern California. Through the years, Club ownership has changed with some units still owned by Southern Californians but many other owners coming from their permanent homes in Oregon and Washington for several months →



→ each year. Other owners come from Canada and other parts of the United States. Only about a dozen, or 12%, of the members are full-time residents.

For the great majority of owners the club is a vacation destination and they are here to play and relax. To this end, the Social and Tennis Committees are extremely active and helpful in maintaining the quality of the Palm Desert Tennis Club. There are tennis activities for all levels, ranging from league competitors to weekend warriors, and programs for beginners, intermediates and advanced level players. The staff will arrange games on request. There are clinics, social mixers, junior programs, exchanges with other clubs and tournaments. Certified professionals are always available for lessons. There are many themed social activities designed to appeal to all members.

Monthly HOA dues for homeowners are currently \$500. This includes maintenance, full tennis membership and use of all other club facilities. In addition, the Club offers a limited number of non-resident memberships, which include use of the tennis courts and other facilities. Non-resident family memberships cost \$1,210 per year; single memberships are \$970 per year.

When asked what they like best about the Palm Desert Tennis Club, homeowners will mention value and service plus a great location less than two miles south of Highway 111, and close to the Living Desert, hiking trails, El Paseo Drive and other shopping facilities. They also enjoy spectacular mountain and valley views.

The General Manager/Director of Tennis is Ken Kuperstein. Ken must be unique among association managers. He was the United States Professional Tennis Association international singles champion and #1 ranked teaching pro in the United States in 1998 and 2000. He was ranked among the top 200 players from 1991 to 1994. Ken joined the Club as Director of Tennis in 2001. In December, 2011, following Club Manager Terry Basham's retirement, the Board appointed Ken to fill the position.

Says Ken: "What makes us different is our warm and friendly people. Our homeowners are not just a list of lots or addresses. We are family. Palm Desert Tennis Club is an absolute gem. The club has such a rich tennis history. If you want activity, or just want to relax in a family atmosphere, come visit our beautiful corner of the world." ▲

Community Spotlight is a collaboration of Kym Taylor and Tony Brunner. Kym Taylor is with Corporate Partnerships, Pinnacle Landscape Company at (760) 473-5526 or kym@pinnaclelandscape.com. Tony Brunner is with Country Club Remodeler at (760) 772-4300 or tony@countryclubremodeler.com.










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Occupy The Capitol!

Join Managers, Homeowners and Business Partners for a Day at the Capitol

By Skip Daum, CAI's Legislative Representative in California

You have all heard about the "Occupy" movements happening all over the United States: Occupy Wall Street, Occupy Washington, Occupy San Diego...

Well, on April 16th, 2012, we're going to "Occupy the Capitol!" That is the date that homeowners, managers and business partners involved with community associations in California get together to let their legislators know what THEY think about the Bills that effect our associations. You CAN change the course of history and influence how our associations are governed by making your voice heard.

You may think that we will never have the numbers at the Capitol that the "Occupy" movements in other areas are able to achieve. But in Sacramento, things are counted differently. For every letter a legislator gets from a constituent, they regard it as representing 38 of their constituents. For every phone call a legislator gets from a constituent, they consider it to be representative of even more. But, if a constituent takes the time to climb on a plane and go all the way to Sacramento to communicate with their legislators about

a Bill, the legislator weighs that much more heavily than merely picking up a phone, or sending a letter.

If you show up to participate with our "Occupy the Capitol" movement, you won't just be representing yourself, but dozens of other constituents as well! What a powerful feeling!

That amazing feeling will grow as the legislator or staffer that you are meeting with listens to your suggestions, asks you questions, and begins to consider you as a resource for them when it comes to community associations in

California. Indeed, that is our goal. We want to be the institution (CAI) that these lawmakers can turn to for practical-application advice when it comes to laws affecting Common Interest Developments in California. We want them to ask us BEFORE the law is voted on so we can spend less time fighting difficult and problematic legislation.

Worried about what to say to your legislator? Don't be.

We have a detailed briefing for you before your legislator appointments, and you will receive fact sheets about each piece of legislation we are addressing that day. You will learn the key points to bring up with your legislators, and you will be equipped with the information you need to back up those points. You can even plan on coming a day early (April 15th) to attend the education sessions where you will have a "Hot Bills" briefing from me to explain the most important measures. If you are new to the process, you can also request an "old-timer" to go with you to your meetings the next day and give you support.

So let's "Occupy the Capitol" together this year!

We will provide you with the

tools you need to have effective meetings with your Senator and your Assembly Member. Your presence in Sacramento will be taken very seriously by them: you will have an impact! Let's make a difference together. ⬆



Skip Daum is our veteran Legislative Advocate for CAI's California Legislative Action Committee and may be reached at caiclac@aol.com. More information on the Legislative Day in the Capitol can be found at www.caicalif.org.



2012 California Legislative Calendar

January 1 – Bills passed in the previous year take effect, unless they have been designated as "urgency" bills with immediate implementation, or a bill that will take extra time to implement (often given a July 1st effective date).

January 4 – Legislature reconvenes for the second half of a two-year session. In addition to legislators finishing work on bills introduced in 2011 they will introduce many more.

January 27 – Last day to submit new bill drafts to the Office of the Legislative Counsel. The Legislative Counsel takes the verbiage (sometimes makes adjustments) and puts it into bill form for the legislators to consider.

January 31 – Last day for each house to pass bills introduced in that house in 2011.

February 24 – Last day for bills to be introduced for the 2012 year. That means a bill, in the form created by the Legislative Counsel, needs to have an Author (a legislator) and a number assigned to it (ex: SB 123 or AB 123) in order to be introduced.

March 29 – Spring Recess.

April 9 – Legislature reconvenes from Spring Recess.

June 1 – Last day to pass bills out of their house of origin. If the bill is a Senate Bill (SB 123, etc.), then it needs to pass out of the Senate by June 1st and be sent over to the Assembly for its

action. The same is true of Assembly bills needing to pass and being sent to the Senate.

July 6 – Summer Recess begins providing the Budget has been passed.

August 6 – Legislature reconvenes from Summer Recess.

August 31 – Last day for any bill to pass to the Governor in what is termed an "enrolled" version. The "enrollment" process includes the notation of the exact date and time each bill is sent to the Governor to sign or veto, or he may allow it to become law without signing. (There is no "pocket veto" in California, unlike federal which allows the President to kill a bill simply by not taking any action whatsoever.)

September 30 – Last day for the Governor to sign or veto bills passed by the Legislature. If bills are signed by the Governor, they are CHAPTERED; in other words, filed with the Secretary of State and assigned a chapter number for reference and inclusion in the codes, of which there are 29 (Civil Code, Vehicle Code, etc.)

November 6 – General election. (Half of the 40 senate seats are up for election, as are all 80 Assembly seats.)

November 30 – Formal adjournment of the 2011-2012 session... ("sine die").

December 3 – 2013-2014 session begins. ⬆



The CAI Business Partner Essentials Course

Become a CAI Educated Business Partner Today

Companies and professionals who serve community associations make up a large and vital part of this industry that support more than 60 million Americans, and nothing is more important than a job well done. This adage applies not only to management professionals and homeowner volunteer leaders, but also to the thousands of companies and business partners who support common-interest communities. From attorneys and reserve specialists to accountants and bankers, management companies and CAI business partners provide products, services and expertise to tens of thousands of associations across the country. They are valued members of the CAI community.

The importance of business partners to communities and to CAI cannot be understated. CAI now offers Business Partner Essentials, a two-part, online course. The purpose of this course is to introduce current or potential CAI business partner members to the community association industry and to teach the unique aspects of working with community associations.

This course is designed and produced by the CAI Business Partners Council, and is intended for all current and potential CAI Business Partner members. There are two modules of 90 minutes each with a break between each module.

Individuals who pass the course and maintain CAI membership earn the CAI Educated Business Partner member distinction. By taking this course, you will distinguish yourself as an Educated Business Partner and can share your accomplishment with your current and potential clients.

Whether you are a longtime member, or are still exploring the field, continuing education demonstrates a commitment to greater knowledge and puts you in a better position to provide excellent care to the communities you serve. If you would like more information on this course, please visit the CAI National Website at www.caionline.org. ⬆

Meet the Consumer Financial Protection Bureau

By Staff Writer, Community Associations Institute

IN 2010, CONGRESS created the Consumer Financial Protection Bureau (CFPB) to serve as the nation's "cop on the beat" to protect consumers from harmful financial products. Officially opened for business on July 22, 2011, the CFPB is now responsible for enforcing most federal financial consumer protection laws.

CAI's members have a keen interest in the development of CFPB's rules and regulations that could affect community associations. As a new federal agency, the CFPB is still working to define its approach to protecting consumers from abusive financial products and helping to ensure consumers have the right information to choose the financial products and services that will best meet their needs. While the CFPB's authority extends from checking accounts to credit cards to payday loans, it also has significant authority over federal housing policy, mortgage lending standards and the home buying process.

CAI is following CFPB's actions on: the definition of qualified mortgage, the regulation of transfer fees, association assessments, the definition of real estate settlement fees, foreclosure prevention and mortgage servicing standards. As such, the CFPB has the potential to impact community associations and the companies that serve them.

As noted, the CFPB has special authority over mortgage lending standards and real estate closings. The



Dodd Frank Act gave the CFPB the responsibility of enforcing the federal Truth in Lending Act (TILA), a powerful consumer protection law. As the federal enforcer of TILA, the CFPB will establish and enforce mortgage lending standards that all lenders and housing market participants must follow.

Congress also transferred rulemaking and enforcement authority under the Real Estate Settlement Procedures Act from the Department of Housing and Urban Development to the CFPB. The bureau is in the process of updating real estate closing disclosures and real estate closing forms.

This combination of authorities means the CFPB sets the standards that govern almost every aspect of the mortgage lending and closing process.

CFPB is unique in that Congress granted the bureau the authority to expand firms under its supervision by regulation. Given the role of community associations in our nation's

housing markets and the authority of associations to foreclose as a remedy to perfect a lien, it is reasonable to expect the CFPB to examine community associations at some point in its review of the housing market.

The CFPB has three ongoing initiatives that can affect how community associations function.

Ability-to-Repay


The first initiative is the CFPB's work on how association assessments factor into a borrower's mortgage payment. Under the Dodd Frank Act, all lenders must verify a borrower can afford all payments associated with a mortgage loan, including association assessments. It is the CFPB's job to write the rules to govern this process, which could include requiring associations to forecast assessment increases and the likelihood of future special assessments.

Transfer Fees

The second initiative CAI is monitoring is the CFPB's review of transfer fees in community associations. While the bureau has not signaled that it intends to restrict mortgages in associations with a transfer fee, it is studying the use of transfer fees.

Mortgage Complaint Portal

An important new consumer protection developed by the CFPB is an easy-to-use website for homeowners to report mortgage fraud, abusive lending practices and housing discrimination. This will significantly improve consumer protection for homeowners and allow the CFPB to keep track of new mortgage products or any new market abuses. The website will also be a means for disgruntled residents to air complaints against associations. As the CFPB has announced its future rulemakings will be influenced by the nature of complaints it receives through this system, associations should be prepared to respond to CFPB inquiries and work cooperatively with the bureau in resolving legitimate consumer and homeowner complaints.

Because of its potential impact on community associations, CAI has added the CFPB to our Mortgage Matters program. CAI is working to protect homeowners in community associations and to ensure access to fair and affordable mortgage products for all current and potential community association residents. You can follow our work and share your thoughts at www.caimortgagematters.org. 

CAI articles are researched and written by a team of professionals with the CAI National Headquarters. CAI provides information and education to community associations and the professionals who support them. For additional information, visit them at www.caionline.org.




CAI NATIONAL NEWS NOTE

HOAs Veto Banning Sex Offenders from Parks

Homeowners associations in Rancho Santa Margarita, Calif., have refused to enforce the city's new ban that prohibits registered sex offenders from entering local parks.

According to The Orange County Register, the city passed the ban in late January as a way to protect children from sexual predators by making it illegal for registered sex offenders to be allowed on park property without written permission from the chief of police. A specific location, date and time of when the registered offender hopes to visit the park must be provided before permission is granted. While the ban has good intentions, the problem is that all of the city's 25 parks are privately owned by local HOAs, making it essentially impossible for police to enforce the ban without the HOAs' consent.

Members of the HOAs say the reason they oppose the ban is not because they aren't concerned about the safety of children, but because they feel it could pose some complicated property-rights issues. In situations where a registered sex offender owns a unit in an HOA that has a park, or if an owner brings a guest who happens to be a registered sex offender to the park, some HOAs fear that enforcing the ban could lead to legal troubles and are worried the city won't help cover the cost of legal fees. The ban would also require the HOAs to fence in the parks and put up entry gates as a way to monitor who's using the property.

The County Register reports that unless the HOAs present the city with written permission signed by the HOA's president and treasurer allowing the city to enforce the ban in its park, as well as put up a sign at the park saying registered sex offenders are banned from that property, the city won't be able to put the ban into effect. Still, the city says they believe that simply having the ban sends the message that it's looking after its residents and that it would be enforceable if the city's plan to build the county's largest regional sports park pans out. 

Reprinted with permission from Fast Tracks, an e-newsletter published monthly by Community Associations Institute. Learn more or join CAI at www.caionline.org.

Become An Educated Board Member

CAI has developed The Essentials of Community Associations Volunteer Leadership one-day course in support of its mission to inspire responsible and enlightened leadership in our communities. The information in this program is ideal for current association board and committee members, those who aspire to community leadership positions, and residents who want to understand how associations can and should function. Our Chapter's "Board Boot Camp" will be held this year on Thursday, April 12th at Palm Valley Country Club.

For more information, please see our ad on the back cover of the magazine or contact the CAI-CV Office at (760) 341-0559. 🏠

The Board Retreat Getting Organized for the Future

By Steven Shuey, PCAM, CCAM, Personalized Property Management

Our associations are not frozen in time. They are living, breathing, ever-changing entities that require care and maintenance. What to do and how to do it may differ from time to time. Getting organized and having a plan is essential to performing any function well. This organizational process takes time. Time is a valuable commodity.

At the top level of CAI sits the Board of Trustees along with the three MRGs (membership representation groups), the Association of Professional Community Managers, the Business Partners Council, and the Community Association Volunteer Committee. There are about 44 positions among these groups and they are filled by about 32 people, approximately 12 of which will serve on an MRG and the BoT simultaneously. For 32 people to get coordinated and organized is a task that can only happen when they are all together in the same room at the same time. CAI National does this with an annual Board Retreat.

**Plans and ideas are discussed
reviewing the past and
planning for the future.**

The Board Retreat lasts almost two full days with several sessions that everyone attends together and meetings where the MRGs meet separately. Plans and ideas are discussed reviewing the past and planning for the future. Most of the staff leadership also attends the retreat because, like in any organization, the board sets policy and the staff handles the operations. The MRGs pass information up to the BoT and the BoT passes information down to the MRGs. Staff helps coordinate various conversations, but the groups pretty much run themselves. Staff takes direction from the BoT in the form of policies established.

At CAI National this works very well. Having attended several board retreats, I can assure you this is a wonderful way to get organization down to a science. There are no interruptions from the outside during the retreat and progress is rapid and complete.

It is with that set as a standard that I recommend all boards of directors of our homeowner associations hold a Board Retreat on an annual basis. It becomes one of the finest planning tools an association can make use of. Considering the average HOA board consists of 5-7 members, the retreat doesn't need to be two days out of the area, but I would recommend at least a ¾ day away from the community, at a local hotel across town, for example.

Getting away from the community allows for a healthy meeting without nagging interruption. The less interruption the meeting has, the more that gets accomplished. Now, speaking of accomplishments, there are several really important issues that need to get some planning that will take input from the whole board and management.

You may wonder what in the world could the board talk about that would take a whole day? There are several topics that come to mind. How about reviewing the reserve study and planning the upcoming year's maintenance of major components? I'd say that one by itself could occupy most of the time. Then there is going over the itemized calendar of events, determining when various issues get taken care of such as insurance renewal, planning of landscape changes (reseeding and flowers), and reviewing the associations rules and regulations with the idea of updating those that are no longer relevant. Not all of the work will get 100 percent accomplished in the board retreat, but at least a plan can be put together identifying a timeline where issues can be discussed and

resolved at future board meetings.

Because actual decisions of the board need to be made at an "open meeting" and because you will want the board retreat to be for the board members, management and special invited guests only, you will want a policy that no decisions will be made at this board retreat, but it will be used for planning only and any issues requiring a decision of the board will be placed on a future agenda of a duly noticed open meeting. The Open Meeting Act says that a quorum of the board cannot meet to discuss any item of business without providing a 4 day notice to the membership, therefore the membership needs to be advised (the Board Retreat needs to be a "noticed meeting").

There is an easy way to have this meeting (the board retreat) and have no other homeowners in attendance. Simply place in the announcement the purpose of the meeting and that "no decisions will be made" and then, hold the meeting a long distance from the community (across town). I'd bet no owners will want to attend.

It would be good to write up a summary of the board retreat in a newsletter to the membership or spend a few minutes at the next open meeting announcing to the audience what topics were discussed and the outcome of the discussions. I suspect your homeowners will appreciate the effort the volunteers make in their leadership of the community. 🏠



Steven Shuey is a certified professional community association manager.

He serves on the National Faculty of CAI and a past board member of the APCM. Follow him on Twitter at www.twitter.com/IslandMgr or email him at IslandMgr@aol.com.

TIME HONORED MEMBER

ELMER J. MERKOVSKY

By Pat Smith, CCAM, PCAM, Veneto HOA and Shelly Ruegsegger, CMCA, Personalized Property Management



Elmer Merkovsky moved to the desert in the early 1970's with Chevron Asphalt, selling hot paving asphalt directly from the refinery to Massey Sand and Rock and other companies. He joined Asphalt MD's in 1993 and began working with management companies and homeowner associations. His first CAI meeting was in May, 1993.

Elmer is a graduate of the University of Pittsburgh and member of the Pitt Varsity Letter Club. He is also a FAA certified flight instructor (aircraft, multi-engine and instruments).

Some of his hobbies include Country and Western dancing, West Coast Swing dancing and golf. He is also a professional hypnotist, has competed in trap and skeet shooting, and played handball for 39 years before his knees gave out. Elmer had both knees and his right hip replaced with three operations in 2011.

Elmer's wife, Marlen, is retired from the Redlands Unified School District. They have two daughters, one son and eight grandchildren, which include 7 year old triplets! All their children and spouses are college graduates with varied and interesting careers.

His mentor and teacher was his father, who motivated and inspired him. Elmer says of his father: "he was a member of Pitt's Dream Team football team, played in the Rose Bowl Tournament of Roses on New Year's Day, 1937 and then with the Pittsburgh Steelers in the early 1940's. Dad taught me the values of love of family, respect, loyalty and the "all things are possible" attitude. I was also a teammate of Mike Ditka's at University and he maintained the same attitude and values."

Elmer is presently reading Unbroken by Laura Hillenbran and The Untethered Soul by Michael A. Singer. His favorite saying is, "Look for the good. All things will change."

Elmer became a CAI member when joining Gary Butler's company, Asphalt MD's. He has participated on many committees over the years and continues to attend the monthly member meetings and special events including the golf tournaments. Asphalt MD's specializes in asphalt repairs, sealing and maintenance and working with homeowner association communities, cities, school districts, and the list goes on! They have been in business for 29 years in the Coachella Valley.

To contact Elmer Merkovsky, call (760) 863-4500 or email him at dretheasphaltmd@aol.com. 🏠

Desert Water Is Worth Saving

Tips For Saving This Precious Resource

By Staff Writer, Desert Water Agency



Here in the desert, we're blessed with high-quality water, a natural storage system and dedicated resource management. We have little control, however, over drought, population growth or regional demands on shared resources. Did you know close to 70% of all domestic water is used outside the home? Did you know that the most household water is used in the bathroom? Water saving programs with our hotels, golf courses and restaurants are just the beginning.

As individuals, families and business, there are ways we can protect our precious water. Here are 25 ways to save:

- 1 Turn off the water when brushing your teeth. Save 3 gallons a day.
- 2 Fix leaky faucets. Save 20 gallons a day.
- 3 Wash full laundry loads. Save 15 to 50 gallons a load.
- 4 Check for toilet leaks by putting a little food coloring in your tank. If it appears in the bowl within 30 minutes and without flushing, you have a leak.
- 5 Reduce shower time by one or two minutes and save 5 gallons.
- 6 Don't use the toilet as an ashtray or waste basket.
- 7 Insulate your water pipes and you won't waste water waiting for it to heat up.

- 8 Rinse your razor in the sink with a little water, not by letting the water run.
- 9 Install water-saving shower heads.
- 10 Limit use of garbage disposal by composting when possible.
- 11 Washing dishes by hand? Place dishes in a rack in the sink and spray all at once to rinse.
- 12 Use a broom to clean driveways and sidewalks and save 50 gallons every five minutes.
- 13 Turn off the hose between rinses when washing the car and save 150 gallons.
- 14 Keep a bottle of water in the fridge and you won't waste tap water waiting for it to cool.
- 15 Experiment with ratcheting back water use on the lawn. Shorter times use optimum water.
- 16 Water before 8 a.m. and save 25 gallons each time. Avoid watering in the wind.
- 17 Keep turf grass at a minimum and install native landscaping when possible.
- 18 Consider using artificial grass in combination with native landscape.
- 19 Install a smart sprinkler controller and save 40 gallons.
- 20 Group plants according to water need.
- 21 Arrange container plants so they shade one another.
- 22 Use aerators on all faucets.
- 23 Adjust mower to higher level. Higher grass holds water better.
- 24 Use a soaker hose when watering grass on steep slopes.
- 25 Give your business to water-wise hotels and restaurants. Reuse towels and sheets. Only ask for water when thirsty.

Won't you join us in reducing water use? Let's start today by making every drop count. Together, we can reduce water use easily by 10 percent! 🏡

Desert Water Agency operates independently of any local government. One of the desert's two State Water Project Contractors, the Agency serves a 325-square mile area, encompassing parts of Cathedral City, Desert Hot Springs, outlying Riverside County and Palm Springs. They can be reached at (760) 323-4971 or at www.dwa.org.







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Making Every Vote Count

Inspectors of Elections and Their Role in Our HOAs

By Richard G. Osborne, CPA, CMCA

INSPECTORS OF ELECTIONS are the people that make your votes count. With money tight and delinquencies on the rise, tensions are running high at some associations. That can lead to disputes over election processes and the results. An independent election inspector does just what the name implies -he/she oversees an association's election process to ensure there is no irregularity in the processing and counting of votes. The inspector oversee people counting votes and those verifying the counting and provide proper custody of the ballots.

What, exactly, are Inspectors of Elections expected to do? Inspectors of Elections typically follow state law and the associations governing documents, with five sets of duties, and sometimes a sixth:

- 1 Determine the number of shares that are entitled to vote on each matter before the meeting.
- 2 Determine whether a quorum is present, sufficient to allow the transaction of the business that is to come before the meeting.
- 3 Tabulating or overseeing the tabulation of all validly executed shareholder votes, whether cast in person or by proxy.
- 4 Hearing and ruling on any challenges that may be made as to the validity of one or more proxies or ballots present at the meeting.
- 5 Certifying the final results. In the U.S., the Inspector's final report is binding, and can only be reversed in a court of law.
- 6 In some states, it is the Inspector, and not the Chair of the meeting who announces when the polls are open and when they are officially closed.

In addition, the Inspectors of Elections are required to swear and file an oath to "faithfully execute the duties of Inspectors of Elections with strict impartiality to the best of his/her abilities."

The Davis Sterling Act states an association shall update the voting policies and procedures in the associations governing documents to conform to the amendment of California Civil Code Sections 1357.120 and addition of Sections 1363.03, 1363.04 and 1363.09, which became operative on July 1, 2006. Some of those updates should include the following:

Any candidate or member advocating a point of view is provided access to common area meeting spaces, association media, newsletters, or internet web sites during a campaign, for purposes that are reasonably related to that election. Equal access shall be provided to all candidates and members advocating a point of view, including those not endorsed by the board, for purposes that are reasonably related to the election.





Specify the qualifications for candidates for the board of directors and any other elected position, and procedures for the nomination of candidates, consistent with the governing documents. A nomination or election procedure shall not be deemed reasonable if it disallows any member of the association from nominating himself or herself for election to the board of directors.

Specify the qualifications for voting, the voting power of each membership, the authenticity, validity, and effect of proxies, and the voting period for elections, including the times at which polls will open and close, consistent with the governing documents.

The association shall select an independent third party or parties as an Inspectors of Elections. The number of Inspectors of Elections shall be one or three. This independent third party can be a volunteer poll worker with the county registrar of voters, a CPA licensed with the California Board of Accountancy, or a notary public. An independent third party may be a member of the association, but may not be a member or relative of a member of the board of directors. A candidate or a relative of the candidate for the board of directors does not qualify as an independent third party. An independent third party may not be a person, business entity, or subdivision of a business entity who is currently employed or under contract to the association for any compensable services unless expressly authorized by rules of the association adopted pursuant to paragraph (5) of subdivision (a).

Elections regarding assessments legally requiring a vote, election and removal of members of the association board of directors, amendments to the governing documents, or the grant of exclusive use of common area property pursuant to Section 1363.07 shall be held by secret ballot in accordance with the procedures set forth in this section. A quorum shall be required only if so stated in the governing documents of the association or other provisions of law. If a quorum is required by the governing documents, each ballot received by the Inspectors of Elections shall be treated as a member present at a meeting for purposes of establishing a quorum. An association shall allow for cumulative voting using the secret ballot procedures provided in this section, if cumulative voting is provided for in the governing documents.

Ballots and two pre-addressed envelopes with instructions on how to return ballots shall be mailed by first-class mail or delivered by the association to every member not less than 30 days prior to the deadline for voting. The ballot itself is not signed by the voter, but is inserted into an

 **All votes shall be counted and tabulated by the Inspectors of Elections, or his or her designee, in public at a properly noticed open meeting of the board of directors or members.** 

envelope that is sealed. This envelope is inserted into a second envelope that is sealed. In the upper left hand corner of the second envelope, the voter shall sign his or her name, print his or her name and address or separate interest identifier that entitles him or her to vote. The second envelope is addressed to the Inspectors of Elections, who will be tallying the votes. The envelope may be mailed or delivered by hand to a location specified by the Inspectors of Elections. The member may request a receipt for delivery.

All votes shall be counted and tabulated by the Inspectors of Elections, or his or her designee, in public at a properly noticed open meeting of the board of directors or members. Any candidate or other member of the association may witness the counting and tabulation of the votes. No person, including a member of the association or an employee of the management company, shall open or otherwise review any ballot prior to the time and place at which the ballots are counted and tabulated. The Inspectors of Elections, or his or her designee, may verify the member's information and signature on the outer envelope prior to the meeting at which ballots are tabulated. Once a secret ballot is received by the Inspectors of Elections, it shall be irrevocable.

Within 15 days of the election, the board shall publicize the tabulated results of the election in a communication directed to all members. The sealed ballots at all times shall be in the custody of the Inspectors of Elections for a period of nine months then transferred to the association to be stored by the association in a secure place for no less than one year after the date of the election. ⬆



Richard G. Osborne, CPA, provides HOA, business and personal accounting services, along with elections services for Coachella Valley. You may reach him at (760) 776-4741 or at Richard@Osbornecpa.com.



CAI-CV History in Pictures



A Look Back Through The Years



Email

A Blessing or A Curse?

How Boards Should Use Email for Association Business

By James R. McCormick, Jr., Esq., Peters & Freedman, L.L.P.

WITH THE RISE in social media, it might not be too far-fetched to say that email usage may soon be extinct. Today, many people use text messages, Facebook, Facetime and other methods of communication. Even the California Legislature did their part to try to kill off email (or at least board action by email) with Senate Bill 563 (SB563). Have you received or sent less emails this year on association business?

Despite having been in place now for a few months, there is still confusion about when and how boards can use email for association business. SB563, which made changes to Civil Code Section 1363.05, attempts to prohibit email as a means of conducting business. In so doing, the changes have created ambiguity and raised additional questions, such as the following: If board member A emails a question about an association matter to board member B and B then emails that question to C, is that a meeting? Do emergency meetings conducted by email still require unanimous consent? Without email, how do we take care of association business in between meetings? Let's tackle a few.

Chain Emails

One of the Legislature's intent with SB563 was to prevent "secret meetings." Much like any other elected, governing body, an association board's discussions and actions should be open to its constituents. How else can members of an association determine who they want to support as a director?

A "meeting" is defined in the Open Meeting Act as "a congregation of a majority of the members of the board, at the same time and place to hear, discuss, or deliberate

upon any item of business, that is within the authority of the board." (Civil Code Section 1363.05(k)(2)(A)) Discussions among board members via email do not technically fall within this definition. While this may mean that the email discussions do not constitute a "meeting," taking action on an item of business outside of a meeting is specifically prohibited by Civil Code Section 1363.05(j)(1).

If the board is not taking action, can it still discuss issues by sending an email only to one director who then passes it on to another? Unfortunately this question is not specifically answered. Until a court specifically rules on this issue, it is open to interpretation. The question you must ask yourselves as board members, however, is whether you want to be the test case for this issue.

While you may be able to "get away with it" for a while, do you want to be challenged at a later date because you could not wait until a meeting to talk about the issue? Was the issue so important that a discussion could not wait? If so, why not call an emergency meeting instead, as authorized in your bylaws?

The legislative intent behind the changes made through SB563 was to create transparency for board actions. Attempting to circumvent the safeguards introduced simply provides a foothold for someone looking to challenge the actions of the board and should be avoided.

Emergency Email Meetings

While every other nonprofit, mutual benefit corporation in California can conduct business outside of a meeting by unanimous written consent (e.g., email), SB563 removed this option for homeowner associations, except in the case of emergencies. One question that has been asked is

whether these emergency actions, taken by email, must still be unanimously approved.

The newly adopted language is in Civil Code Section 1363.05(j). This section starts out by stating that a board "shall not take action on any item of business outside of a meeting." It goes on to provide that even though Corporations Code Section 7211, permits actions without a meeting a homeowners association board cannot do so by email, "except as specified in subparagraph (B)." Subparagraph B provides:

Electronic transmissions may be used as a method of conducting an emergency meeting if all members of the board, individually or collectively, consent in writing to that action, and if the written consent or consents are filed with the minutes of the meeting of the board. Written consent to conduct an emergency meeting may be transmitted electronically.

While this language has not yet been interpreted by an appellate court, it appears to clarify that "all members of the board" must consent in writing to "that action." The question is whether "that action" refers to conducting the meeting or the actual action taken by the association. While the reference to "that action" and two different types of "written consents" may be confusing, reading section 1363.05(j) in its entirety suggests that unanimous consent of the action to be taken by the board is required.

Again the question is whether the board wishes to be the test case on this issue. If a real emergency situation arises, does the board wish to create the potential for overturning that decision by not following a reasonable interpretation of the new law? If all of the board members cannot agree, the bylaws almost always permit an emergency meeting to be called without notice and conducted in person (or even via teleconference). At such an emergency meeting (not one conducted by email), the action can only carry through majority vote. Why take the risk?

Business Between Meetings

In recent years, board members have used email as a convenient way to discuss and take action on issues facing their associations. Association managers have been forced to not only carry out the daily business of the corporation, but to respond without delay to what often seemed like a never-ending stream of emails. The intent of SB563 is to eliminate this practice. Without the ability to conduct business by email between meetings, how can associations address issues that inevitably arise?

While removing the ability to conduct action without a meeting, the California Legislature carved out an exception by defining an "item of business" as "any action within the authority of the board, except those actions →

“Despite having been in place now for a few months, there is still confusion about when and how boards can use email for association business. SB563, which made changes to Civil Code Section 1363.05, attempts to prohibit email as a means of conducting business.”





→ that the board has validly delegated to any other person or persons, managing agent, officer of the association, or committee of the board comprising less than a majority of the directors.”

The option created by this language is for a board to delegate authority to any person or persons (less than a majority of the board) to carry out the business and affairs of the association in between meetings. This delegation can be as broad or as narrowly defined as desired by the board but should be documented in the minutes. If the board does not wish to delegate authority, it can also call a special meeting, or conduct business on emergency issues by unanimous, written consent by email.

Conclusion

It is not likely that email will be gone by the end of the year. It is fact, however, that boards can no longer use email the way it has been used in the past. By implementing changes in how your association conducts business now, you can avoid future challenge.

Not all of these questions are answered specifically in the newly amended Open Meeting Act (Civil Code Section 1363.05), and navigating this new language may require interpretation by your association’s attorney. ⚡



James R. McCormick, Jr., Esq., is a partner with Peters & Freedman, L.L.P., a full service law firm representing associations in Southern California. You can reach Mr. McCormick at (760) 773-4463 or jmccormick@hoalaw.com.

GRASPING FORWARD

When you’re in a hole, stop digging. This true whether our problems are of our own making or not. Whether we know exactly how to resolve them is not determinative. The first step is to stop making things worse. The next step is to stop making excuses and blaming others. Most of the time, if we are honest, at least some of every problem is our own making. Even on those unusual occasions when that is not the case, there are enough times in which it was. Be true to thyself. Being true to thyself requires that we do not ignore strong and persistent issues. Ignoring salient issues provides an opportunity for those issues to creep in when least expected or desired. Do not dismiss what others are telling us. Our stated desire is to seek and better and deeper connections with those we interact and care about. Then we ignore their strong needs or viewpoints because they do not fall within our range of what are acceptable! How does one set a range for what is acceptable in others?

Once we stop digging, we can work on getting out of the hole. It may take more honest self-reflection, self-restraint, or simple willpower to look in the mirror. True reflection will usually reveal fault. Thereafter, it reveals self compassion. Earning self compassion is a byproduct of honest self reflection. Sometimes the best thing to do is ask for help, and ask that someone throw us a rope. Asking to be thrown a rope allows us to throw a rope to others when they are in need which makes us a far better and more content person.



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CAI's 33rd Annual National Law Seminar

By Richard A. Tinnelly, Esq., The Tinnelly Law Group

CAI's National Community Association Law Seminar took place in our beautiful desert in January. The Seminar was put on by CAI's College of Community Association Lawyers (CCAL) to further its goals of developing and educating attorneys working in the field of community association law and of promoting the highest standards of professional and ethical responsibility. The three day Seminar took place on January 26th through the 28th and featured prominent community association attorneys and industry professionals from all over the country. The panelists for the Seminar's various programs included attorneys as well as insurance and other industry professionals. Attorneys, management professionals and industry leaders were given a unique and valuable opportunity to connect with one another and to learn how to adapt to an ever changing legal landscape.

In addition to addressing recent cases that will shape community association law, the Seminar's various programs focused on a wide range of legal issues faced by community associations and the professionals who service them. Some of the Seminar's programs presented information on how legislative and regulatory changes at both the state and federal levels will impact the operation of community associations. For example, attorneys were able to learn ways to better assist their community association clients in complying with federal housing and lending requirements. Other programs provided an opportunity for both new and seasoned attorneys to learn and to share their best practices in dealing with common situations such as governing document enforcement and assessment collection.

Some of the Seminar's programs featured panelists who spoke from a more practical perspective on matters affecting the ways in which attorneys practice and operate their firms. In addition to understanding how the law has changed, it is important for both new and seasoned attorneys to understand how the ways in which they practice

can ultimately affect the service they provide to their community association clients as well as the overall perception of the community association industry. Programs focusing on ethics issues, risk management, technological developments and social media shed some light on how attorneys can refine their practice approach to enhance their reputations and to promote the community association industry as a whole.

I was privileged to have been given the opportunity to be a panelist in one of the Seminar's programs. Our program, entitled "Four Decades of Defects: A History of Construction Defect Claims and What the Next Decade Will Bring," addressed the trends in community association law with respect to construction defect actions. The program covered how the construction defect environment has adapted in response to the changing construction, development and insurance climates in California. After an examination of construction defect actions over the past four decades and an assessment of what the future will bring, we were able to have a productive discussion on how attorneys will need to adapt as the nature of community association development trends towards higher density developments and urban infill projects.

We are truly fortunate to have organizations such as CAI and CCAL who remain committed to the goal of ensuring the continued development and growth of community association attorneys and industry professionals across the country. Fostering a supportive, national network is paramount to achieving this goal. We hope that the Community Association Law Seminar continues to grow and to expand its reach. ⬆



Richard A. Tinnelly is the founder and Senior Shareholder of the Tinnelly Law Group, a community association law firm specializing in HOAs. He can be reached at (760) 862-9835 or at rich@tinnellylaw.com.

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Thank you to our CAI-CV members who shared some insightful and thoughtful answers. This month's great question was submitted by Lesley Finch from Lindsay Management Services.

Business Partners, Board Members, Homeowners, Managers – do you have questions about community associations? Draft your questions and submit them to the Quorum and we'll get the answers from industry professionals. Each month we'll select inquiries and provide opinions and answers to questions that pertain to HOA communities. We hope the information will be helpful to all who serve our desert communities. Simply complete a survey form when attending one of the monthly CAI programs, or email questions to CoffeeTalk@cai-cv.org.



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Coffee Talk

QUESTION FOR A BUSINESS PARTNER

What is most important to business partners when a manager is seeking bids? What can a manager do to facilitate receiving timely and accurate bids?

For pest control services, one of the most important things is to have clear specifications outlined in the bid stating which pest(s) are to be covered, along with a map of the areas to be serviced. On average, only about half of the bid requests we receive come with a map of the site. Providing all of the pertinent information up front will not only save time for us but also for the managers.

The best way to ensure that bids are received in a timely manner is to provide all the necessary specifications (mentioned above), and allow the business partner at least one week of time prior to the bid due date. This allows the necessary time we need to inspect and determine the appropriate solution for the site. We receive requests every month that state the bid is due on the next day, when the managers are putting together the board packets. Of course we do our best to accommodate all requests, but to avoid information being left out and/or mistakes being made that will need to be corrected later, it is best to provide adequate time for the business partner to submit the bid.

Kevin Bowman
Vice President of Operations
Animal Pest Mgmt Services, Inc.
www.animalpest.com

We need accurate bid specification, so that we are all bidding apples for apples. The more specific, the better; things like the number of men you're expecting to be on the property, whether the materials are included or an extra. If trees are included in the bid, an accurate tree count would be helpful. Also, the manager should make sure that all contractors have an active state contractor's license, a pesticide license and a certified arborist on staff. This should be a requirement in the bid specs in order to qualify to bid on the property.

Managers should give all bidders the bid specifications in plenty of time to properly prepare the bid. Thirty days should be sufficient. Call out a specific time and day that the bid must be in or the bid will not be accepted. Set a date to meet the contractors as a group to tour the grounds and answer all questions about the project. This will save you a lot of calls and emails asking the same questions from different bidders. Also, provide a highlighted site map at the tour meeting, highlighting the areas of responsibility, so there are no misunderstandings.

Jay Powell
PWLC II, Inc.
www.pwlcilandcare.com

The honor and prestige that goes into each Quorum issue can be yours. We're looking for a variety of writers to expand our coverage of the community and the Coachella Valley. Please contact the CAI-CV office to become famous and wield that pen like a sword.

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CAI Law Seminar 2012

An Attendee's Perspective

By James R. McCormick, Jr., Esq., Peters & Freedman, L.L.P.



Hosted at the Rancho Las Palmas Resort in Rancho Mirage California, from Thursday, January 26 through Saturday, January 28, 2012, the Law Seminar presented by CAI's College of Community Association Lawyers (CCAL) was an opportunity for attorneys and managers representing common interest developments across the country to learn about and discuss current issues facing our industry.

On Thursday, I attended the optional half-day program that offered information on recent and upcoming Federal Housing Administration (FHA) condominium guidelines as well as possible guidelines coming down the road for mortgages. The last session that day entitled "Looking to the Future: Emerging Issues for Community Associations" was very enlightening. This program highlighted the current issues that are emerging for associations plus future issues that associations are likely to

face. It is much better to be prepared for these eventual changes than to be caught off-guard when the changes are implemented.

Friday morning began with keynote speaker, Jim Carroll addressing changes in the world that will affect our industry. His inspirational speech offered tips and hints on how to best prepare for these transformations in the way associations and law firms will conduct business going forward. The program was a fantastic "wake up call" and the message was that we must change and grow as problems present themselves or we will be left behind.

Later that morning, I attended an interesting program involving issues that arise during reconstruction projects. First and foremost, associations must plan in advance for these projects. Asking an attorney to review a contract for reconstruction or loan on the day before, or worse

after, signature is a recipe for disaster. Ensuring a successful project requires planning in advance and use of experts. Communication with the owners is an essential part of this process. Associations should also give owners options for how to repay loans or special assessments in order to gain the owners' support.

Wayne Hyatt, Esq., was honoured with the Gordon Buck Award based on his years of service to the industry and his mentoring of countless attorneys over the years.

George Nowack, Jr., Esq. and Wilbert Washington, II, Esq. gave the case law update again this year. Both attorneys highlighted cases where courts around the country "got it right" and showed that associations can be positive for owners and communities in general.

One session on Friday afternoon offered practical advice for legal practitioners regarding their law practices. The subjects discussed related to hiring, firing, malpractice claims and insurance, the Fair Debt Collection Practices Act, the attorney-client privilege and maintaining confidentiality as well as the business considerations of running a law firm.

Every year the CCAL-CAI Law Seminar offers a "Panel of Pundits" where a panel of attorneys answers questions presented either in advance, live by microphone, or, new this year, by text or web submission. Subjects included collection activities, smoking issues, and obligations (if any) of an association to obtain FHA certification. This presentation offered a great

opportunity for attendees to discuss issues relevant to associations nationwide.

Saturday morning started with a beautiful sunrise over Rancho Mirage. CCAL held a short business meeting open to all where they talked about the state of the CCAL and what issues will be addressed going forward.

Saturday afternoon ended with the second part of George Nowack and Wilbert Washington's case law update where collections and enforcement cases were further discussed. Other topics covered included ethics of referral fees, Strategic Lawsuits Against Public Participation (SLAPP) issues, reputation management, and a presentation on where the association's authority ends and police power begins.

Aside from the enlightening programs, the Law Seminar offered attendees the ability to get to know attorneys and managers from other states and to discuss topics germane to associations everywhere. The positive energy felt by all was a nice change from the negative comments made in mainstream media about associations. Everyone with whom I spoke said they had a fantastic time. People who had attended before said they would attend again, and new attendees said they would absolutely attend again.

If you have never attended the CCAL Law Seminar and have the opportunity to attend in the future, I highly recommend making the effort. You will enjoy every minute. ⬆



James R. McCormick, Jr., Esq., is a partner with Peters & Freedman, L.L.P., a full service law firm representing associations in Southern California. You can reach Mr. McCormick at (760) 773-4463 or jmccormick@hoalaw.com.

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The Power of BELONGING

By Tim Bloom,
Brite & Clean Windows

**Lost... no, we're not talking about
the hit television series.**

**Lost is the feeling we all feel
periodically in our lives.**

Whether it's how someone can feel on their first day of school, their first day at a new job or when they first moved into a new community, most people feel a bit lost and experience the emotions associated with feeling lost. The key for any homeowners association to help turn a new mover from feeling like a visitor into feeling like a local is to help them feel like they truly "belong" in their new community.

When an individual feels like they belong to a community, it usually has happened because of a concerted effort on the behalf of many individuals within their community. A homeowner who feels they belong to their community is more likely to actively participate in the self-governance of their community as a volunteer, and they are more likely to abide by the Covenants, Conditions and Restrictions (CC&Rs). Residents that don't possess a sense of belonging to the association run the risk of feeling disenfranchised. A disenfranchised owner may love the amenities and the look of their community, while at the same time they may not understand the need for them to abide by the rules that help create the beautiful look of their community in the first place. A disenfranchised resident can spread their angst towards the "rules" and the committee/board directors with whom they find fault, with other residents. This "pollution" of the other residents can, to some degree, be avoided.



The key is to help new residents feel like the rules are "their" rules and the committees/board of directors are "their" committees/directors. In other words, this is "their" community, not just a bunch of people imposing rules on them. The best time to create this sense of belonging is right when the new homeowner first moves into the community. It is at that moment that their feelings towards the association are probably at their peak. They love their new home, they've moved away from cold weather or nosey in-laws, and are now ready to bask in our desert sun and start living the good life.

The key is for your community to transfer the goodwill the new homeowner feels about their new home and

surroundings into goodwill toward the HOA and its directors, volunteers and residents. A proven way to succeed at making your community better is to get to them when they first move in by utilizing a Welcome Committee. A Welcome Committee can be made up of other volunteers that believe in helping make the association better and are willing to contribute their efforts to create feelings of goodwill between the new mover and the HOA. Use this opportunity to create a relationship between the new mover and members of the Welcome Committee. This way, the new homeowner is now able to associate an actual person, or persons with the association (and its rules and regulations), making it more



likely that the new mover will comply with "their" rules, instead of feeling like they conforming to someone "else's" rules. A great way to make a welcome visit a pleasant experience is to bring some kind of housewarming gift or basket made up of local goodies and discounted coupons from around the community.

When the new residents feel like it is "their" rules and "their" community, they are more likely to participate as a volunteer, and as a volunteer they are now better able to help spread the message and feeling of belonging to other homeowners within the HOA, which ultimately helps foster a better community in the long run. ⬆



Tim Bloom is the owner of Brite & Clean, Inc., that offers pressure washing and window cleaning. He can be reached at (760) 346-9274 or tim@hoa.me.



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CAI-CV UPCOMING EVENTS

MARCH

March Monthly Breakfast Program

TOPIC: Spotting Risk and Managing Exposure
WHEN: March 9th, Registration 7:30 a.m.
WHERE: Palm Valley Country Club, Palm Desert

Business and Education Expo

WHEN: March 20th, Registration 2:00 p.m.
SPEAKER: Dr. Esmael Adibi
WHERE: Heritage Palms Country Club, Indio

APRIL

Essentials (Board Boot Camp)

WHEN: April 12th, Registration 8:15 a.m.
WHERE: Palm Valley Country Club, Palm Desert

April Monthly Breakfast Program

TOPIC: FHA - Where Are We Now?
WHEN: April 13th, Registration 7:30 a.m.
WHERE: Palm Valley Country Club, Palm Desert



The Dreaded Five Letter Word – Audit

There is a Positive Side to an Audit, By Your CPA

By Stephanie Otero, CPA

OFTENTIMES WHEN PEOPLE ask what I do for a living and I use the word "audit" in my description. The usual response is a slight cringe with an apologetic smile. Audit is that dreaded, year-end, five letter word. Let's face it - no one wants to be audited. The word itself implies some sort of wrong doing and has become synonymous with negative connotations. However, you might be surprised to know that sometimes having an audit or a similar type of service is a "good thing," especially for a homeowner's association.

Think about it in terms of your own personal checking account. Do you rely solely on the bank to ensure your money is accounted for properly? Do you assume the bank never makes a mistake? Hopefully, your answer to these two questions is "no." Most of us do some sort of overview when we get our monthly bank statements to ensure that our transactions are accounted for properly. Therefore, it makes common sense to apply the same sort of "overview" to the accounting belonging to a homeowner's association. That's where services provided by a Certified Public Accountant (CPA) can help.

Hiring a CPA to provide an "overview" of the HOA's accounting for year end is a good method of providing a check and balance against the association's bookkeeper and/or management company. Having a "second set of eyes" to overview the HOA's accounting is a good investment as it will help to ensure that your records/financial statements are accurate and complete, and will help to provide some level of assurance/reliability, depending on the type of service provided by a CPA.

CPA's provide 3 different levels of service in regards to the "overview" of financial statements. The three types of levels are:

- **Audit** - the highest level of service a CPA can provide. It's an examination and review of accounts and transactions that support the financial statements. Through various qualitative and quantitative procedures, the CPA will provide "reasonable assurance" that the financial statements are free from material misstatements and errors. The CPA will also analyze the risk of fraud.

- **Review** - the second level of service provided by a CPA. Through inquiry, observation, and limited other procedures, a CPA provides "limited assurance" that the financial statements require no material modifications.
- **Compilation** - the lowest level of service provided by a CPA. The CPA will provide an overview of the financial statements without providing any assurances.

The type of service your HOA engages a CPA to perform will depend on a few different factors, such as the HOA's governing documents and budget. Oftentimes, governing documents will allow any of the three levels of service mentioned above, with a stipulation where an audit is required when gross receipts are above a certain threshold. An HOA's budget is also an important factor in determining the level of service from a CPA. Obviously, the higher the level of service, the higher the fees will be. Lastly, an audit may also be an appropriate level of service when the HOA is transitioning between a new management company and/or new board of directors.

An audit, review, or compilation can be pain free and enjoyable! Well, "enjoyable" might be a stretch, but they don't necessarily need to cause you heartache and pain. The best way to ensure your HOA has a stress-free engagement with a CPA is to be organized with your recordkeeping, keep good documentation and back-up, and regularly review your HOA's financial statements. If you do your part to ensure your HOA's accounting is as accurate and complete as possible, you may actually just start to "look forward" to your year-end audit! Well, maybe not "look forward," but perhaps, you just won't dread it as much. ⬆



Stephanie Otero is the owner of The Offices of Stephanie Otero, CPA, a firm specializing in Homeowners Associations. Stephanie can be reached at (760) 360-9800 or via e-mail at stephanie@soterocpa.com

As Temperatures Warm, Gardens Flourish

Springtime Landscape Planting and Maintenance

By David Koller, Coachella Valley Water District

The Coachella Valley's spring season brings warm temperatures that encourage rapid plant growth. This is a good time for area residents to enjoy their gardens before the blistering heat of summer arrives.

Fall-planted annuals reach their peak bloom in March. Crowded plants should be thinned and the stems of snapdragons should be pinched back to allow new flowering stems to develop. This is also the time to fertilize citrus, lawns, perennials and vegetables. Most Southwest desert native trees and shrubs do better without fertilization, however.

If you missed the fall planting season, add landscape plants now to allow them to become established before summer.

association to consider converting to desert-friendly landscaping. An expanded landscape conversion program offered by CVWD can assist homeowner associations in transforming large grass areas into lush and efficient desert gardens, featuring colorful plants, rock features and drip irrigation. You could also take on a smaller project, like replacing grassy areas near streets to reduce water run-off and water waste.

CVWD customers are eligible to apply for rebates to help offset the costs of converting landscaping and improving the efficiency of irrigation. For qualifying participants, the district will pay \$1 for each square foot of grass replaced and \$2.50 for each new generation sprinkler nozzle installed.

The rebates can add up to \$5,000 for a large landscape project, such as those managed by HOAs. Individual homeowners can qualify for rebates adding up to \$1,000.

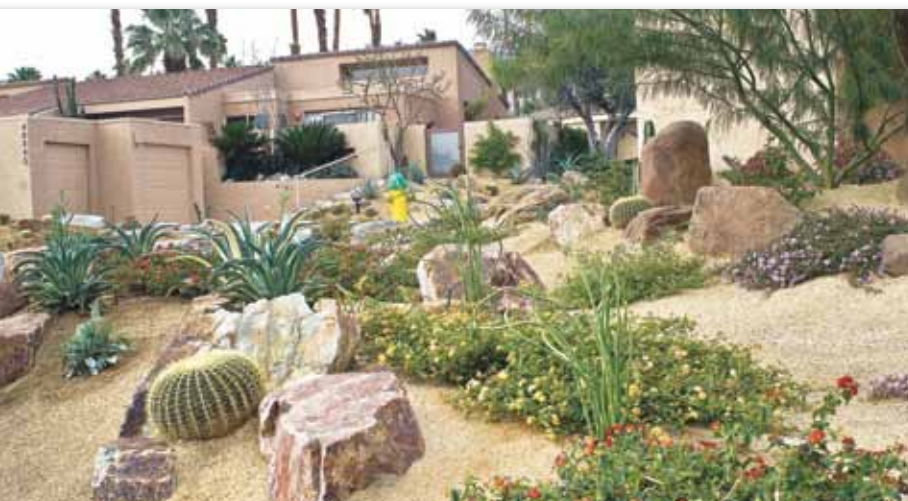
If you are feeling inspired to transform your landscaping this year, consider signing up for the Coachella Valley's new Water Wise Landscape Workshop series. The free workshops will cover landscape design, plant selection and irrigation techniques.

The first of the series, "Landscape Design & Smart Irrigation," will be from 6-7:30 p.m. March 14 at the CVWD Administration Office, 75515 Hovley Lane East in Palm Desert. The next class, "Converting Turf to Desert-Friendly Landscaping & Flowering Favorites," is at the same time and location on April 18th.

Although there is no cost for the workshops, seating is limited. Register at the district's website at www.cvwd.org or call (760) 398-2651. ▲



Dave Koller is the Conservation Coordinator for Coachella Valley Water District. He has a master's degree in horticulture, is a certified arborist and landscape irrigation auditor. You can contact him at dkoller@cvwd.org or (760) 398-2651.



Watering needs will increase beginning in March and through the next months into summer. One way to save water and time is to install a smart controller that automatically adjusts irrigation times, based either on historical data or actual weather conditions. These controllers help reduce water use for all types of vegetation and once programmed, are practically maintenance-free.

This also might be the time for your homeowner

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Ken Carteron is the representative for SCB and is an active member on CAI committees in other chapters and has held positions on the Board of Directors of multiple chapters.

To contact Seacoast Commerce Bank, call Ken Carteron at (760) 803-9541, email to kcarteron@scombank.com or visit them at 700 La Terraza Blvd., Suite 110, Escondido, CA 92025. 📍

March 2012

Have You Heard?

By Wendy Van Messel, CAI-CV

Congratulations to **Dave Mourhess**, for his new position as General Manager for **REVCO Solar Engineering, Inc.** located in Palm Desert. Dave is known as the "Solar Guy" and has been an active member of our chapter for many years. Knowing the value that a CAI Business Partner membership brings, he was very quick to bring REVCO into the CAI-CV family as a new member. Good luck with your new adventures Dave.

CAI-CV is always happy to brag about our membership and share the good they do in the community and the following are just a few examples of how our members are giving back.

On February 1st, **Motorcoach Country Club** and resident Earl Urbanovitch were recognized by the City of Indio with a Proclamation recognizing their volunteer services to the Soldiers Organized Services (SOS). Mr. Urbanovitch coordinated to have approximately 25 MCC residents pick up approximately 80 Marines from the Palm Springs International Airport, treat them to dinner and then give them all rides back to the Marine Corp Air Command Combat Center in Twentynine Palms. What a great example of giving MCC!

Jesse Contreras with **Sunshine Landscape** used his amateur chef skills and presented his secret chili recipe to guests attending a College of the Desert Foundation Auxiliary fundraiser. Chili was judged by event attendees who were given small bags of uncooked beans to be placed into a glass jar representing each of 3 participating chef's, including Jesse. When the event was over, The People's Choice award went to our very own Jesse Contreras. Way to heat things up and give back, Jesse!

Gary Butler of **Asphalt MD's** and **Leslie Spoor** of Executive Errands competed in the 11th season of the Dancing With Our Stars event on Feb 12th at Agua Caliente to benefit Soroptimist House of Hope. Both amateur dancers, they spent more than 80 hours practicing the Disco Swing Hustle to 'Shake Your Groove Thing' and won both the first place trophy and "Audience Favorite" award. They raised over \$5,700 for their charity.

This column is your column. If you have news of promotions, new employees, change of locations, education updates, or anything you else you would like to share, please make sure you call the Chapter office or email wvanmessel@cai-cv.org. 📍



Wendy Van Messel is the Chapter Executive Director for the CAI Coachella Valley chapter. If you have an item for Have You Heard, you can reach Wendy at: wvanmessel@cai-cv.org. The office number is (760) 341-0559.

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CAI-CV UPCOMING EVENTS

MARCH

March Monthly Breakfast Program

TOPIC: Spotting Risk and Managing Exposure
WHEN: March 9th, Registration 7:30 a.m.
WHERE: Palm Valley Country Club, Palm Desert

Business and Education Expo

WHEN: March 20th, Registration 2:00 p.m.
SPEAKER: Dr. Esmael Adibi
WHERE: Heritage Palms Country Club, Indio

APRIL

Essentials (Board Boot Camp)

WHEN: April 12th, Registration 8:15 a.m.
WHERE: Palm Valley Country Club, Palm Desert

April Monthly Breakfast Program

TOPIC: FHA - Where Are We Now?
WHEN: April 13th, Registration 7:30 a.m.
WHERE: Palm Valley Country Club, Palm Desert