



# **ASK US ANYTHING!**

Hosted by EJF Real Estate

# Your Panel



**LEGAL**

**Jane Rogers**

*Partner Whiteford Taylor Preston*



**FINANCE**

**Lisa Coffey**

*Director of Community Finance  
EJF Real Estate*



**PROJECT MANAGEMENT**

**Sarah Steel**

*Director of Project Administration  
EJF Real Estate*



**COMMUNITY MANAGER**

**Mira Brown, CMCA, PCAM**

*Director of Internal Operations  
EJF Real Estate*

# QUESTION

We are a 35 unit community. The sense of community needs a boost. Any Universals on that subject?

# ANSWER

Start small - look for small engagements

Meet people where they are

Invite the group into the process

*Mira Brown, CMCA & PCAM*

# QUESTION

The board isn't following the governing documents. What can I do?

# ANSWER

- If you are not a member of the Board and question the decisions the Board is making, there are mechanisms under most governing documents for seeking removal of Board members, in the most serious circumstances.
- Depending on the nature of the issues you believe need to be addressed, it is often more effective to document your concerns in writing and seek explanations from the Board.
- Open and transparent communications are often the best way to effectuate change.

*Jane Rogers*

# QUESTION

What are the three most common 'red flags' on a financial statement that a board member should be able to spot immediately?

# ANSWER

## 1. Operating Deficits & Negative Variances

- **The Symptom:** Expenses consistently exceed the budget or income falls short.
- **The Risk:** Signals underbudgeting, rising vendor costs, or delinquency issues.
- **Impact:** Leads to inevitable dues increases or emergency special assessments.

## 2. Low Cash Flow & Reserve "Borrowing"

- **The Symptom:** Using reserve funds to pay for day-to-day operating bills.
- **The Risk:** Reserves are for long-term assets, not utilities or maintenance.
- **Impact:** Indicates an unsustainable budget and poor cash flow management.

## 3. Underfunded Reserves & Lack of Capital Planning

- **The Symptom:** Low "Percent Funded" levels or no timeline for major repairs.
- **The Risk:** Lack of preparation for high-cost projects (roofs, elevators, HVAC).
- **Impact:** Exposure to massive, disruptive special assessments for homeowners.

*The Bottom Line A healthy association maintains stable operations, positive cash flow, and fully funded reserves. If one pillar fails, the board must act.*

*Lisa Coffey*

# QUESTION

What are the most critical 'hidden' infrastructure issues (like drainage or structural integrity) that boards often ignore in favor of 'curb appeal'?

# ANSWER

- Deteriorating plumbing pipes & fixtures
- Foundation waterproofing
- Façade maintenance

*Sarah Steel*

# QUESTION

With spring around the corner, what should we be doing at our Association to get ready for the shift of season?

# ANSWER

That's highly variable depending on your Association

Single family?  
Highrise v. garden  
Townhomes?

*Mira Brown, CMCA & PCAM*

# QUESTION

We have a large CapEx project coming up and the contractor has an add-on fee for a surety bond. What is that and should we get one?

# ANSWER

- A surety bond is the general category of bond types.
  - Payment Bond – ensures subcontractors and suppliers are paid.
  - Performance Bond – ensures project completion if the contractor fails.
- The cost of the surety bond reflects the contractor's credit and experience.

*Sarah Steel*

# QUESTION

Why doesn't reserve interest or our capital project spend appear on the monthly financials?

# ANSWER

## Operating Financials (The "Daily" View)

- **Focus:** Day-to-day income and expenses measured against the annual budget.
- **Scope:** Covers routine costs like utilities, landscaping, and minor repairs.
- **Purpose:** Shows how the association is performing financially month-to-month.

## Reserve & Capital Activity (The "Long-Term" View)

- **Accounting Treatment:** Tracked separately from operating income to protect long-term funds.
- **Reserve Interest:** Recorded directly within the reserve fund and reflected on the balance sheet.
- **Capital Expenditures:** Large projects (roofs, paving) reduce reserve cash rather than appearing as operating expenses.
- **Reporting:** Typically found in a separate reserve report or capital project schedule.

*Key Takeaway Operating statements show budget performance, while reserve reports track long-term funding and infrastructure health.*

*Lisa Coffey*

# QUESTION

What's a typical day for a CAM look like?

# ANSWER

Short answer: Chaos

We do all the things for all the people. Let's highlight some of the behind the scenes work

*Mira Brown, CMCA & PCAM*

# QUESTION

What is the role of the board?

# ANSWER

- The Board is the elected governing body of the common interest community.
- The Board has the powers and responsibilities set forth in the governing documents of the community and/or set forth in the applicable statute.
- Generally, the Board is entrusted to make the day-to-day operational decisions of the common interest community
- A Board's powers are not unlimited, so each Board member needs to be aware of the decisions that require approval of the membership.

*Jane Rogers*

# QUESTION

How do we convince other owners to serve on the Board so I can step down?

# ANSWER

Look at your documents

Remind everyone that ownership in an Association is a common obligation

*Mira Brown, CMCA & PCAM*

# QUESTION

What's the best way to maintain decorum at a Board meeting and can we limit the time an owner and/or Board member may speak on an issue?

# ANSWER

- Effective Board training will assist you with maintaining civil discourse and running an effective Board meeting.
- The Board needs to make clear to its members how it intends to conduct its meetings and announce in advance any time limitations for speakers.
- Persons who are not Board members should only be allowed to speak during an open forum portion of the meeting, with a limited time for each speaker.
- The Board has to make decisions and cannot be disrupted and impeded from doing so.
- Have a predetermined agenda for each board meeting and do not deviate from it except in the case of an emergency.
- Allocate time for each topic and stick to the schedule.

*Jane Rogers*

# QUESTION

If the reserve study says we need to contribute X towards reserves, why does the board sometimes use “Y” in the budget? Shouldn't we always follow the reserve study?

# ANSWER

- Reserve Study helps ensure enough funds are available for capital expenditures (CapEx)
- A strong strategic plan and funded reserves may lessen the need for increases.
- The reason is often to avoid financial discomfort.

*Sarah Steel*

# QUESTION

Our association is from the 1980's and we have amended and reinstated our governing documents once. How often should a community consider updating their documents to be in line with current laws?

# ANSWER

- A community should review its governing documents periodically for changes that may be needed, but avoid the temptation to amend them too frequently.
- Statutory changes often do not require a community to amend its governing documents.
- However, governing documents can impede a Board's ability to react to market conditions or other factors essential to effective community management.
- An association should confer with its counsel regarding legal changes that might make it necessary or advantageous to amend governing documents.

*Jane Rogers*

# QUESTION

Why do I pay so much for my assessments?

# ANSWER

## What They Cover

- **Shared Responsibility:** Operations and maintenance for the entire building, not just individual units.
- **Reserve Funding:** A "savings account" for major future repairs (roofs, elevators, etc.).

## Why Costs Are Rising

- **Market Inflation:** Significant spikes in insurance premiums, utilities, and labor/vendor costs.
- **Deferred Maintenance:** Boards catching up on previously delayed repairs.
- **New Regulations:** Stricter legal requirements for mandatory reserve funding.

## The Strategic Benefit

- **Avoiding Surprises:** Prevents sudden, massive "Special Assessments" (one-time large bills).
- **Protecting Value:** Ensures building safety, financial health, and long-term resale value.

*Lisa Coffey*

# QUESTION

What document is most sufficient (outside of a written will) to expedite the exchange of shares/ownership to next of kin or listed person in the event of a death in DC?

# ANSWER

- Depending on the form of ownership, a revocable trust or a number of other written instruments such as a transfer on death deed can be used to convey an interest in property upon the death of the owner.
- The best solution takes into account the individual's circumstances after consultation with an estate planning attorney.

*Jane Rogers*

# QUESTION

How should the board balance aggressive delinquency collection with the need for community compassion?

# ANSWER

## The Fiduciary Reality

- **Lifblood of the HOA:** Assessments fund all operations; uncollected dues shift the financial burden onto paying neighbors.
- **Uniform Enforcement:** Boards have a legal duty to apply collection policies consistently and predictably to avoid claims of favoritism.
- **Timely Action:** Addressing delinquencies early prevents small debts from becoming unmanageable for the owner.

## Compassion Through Structure

- **Defined Flexibility:** "Empathy" means offering structured options, not ignoring the debt.
- **Standardized Tools:** Utilize formal payment plans, defined hardship terms, and clear pre-legal communication.
- **Documented Exceptions:** Any variance from policy must be time-bound and well-documented to protect the board's integrity.

**The Goal:** Financial & Social Stability A healthy association separates the person from the policy, allowing for empathy without compromising the community's financial health.

*Lisa Coffey*

# QUESTION

As a new board member please explain our liabilities & what protections we have as a volunteer for these positions. Does insurance cover us, etc?

# ANSWER

- Almost all governing documents provide indemnification for Board members.
- Directors and Officers insurance covers decisions made by the Board.
- Some state laws include statutory protections
- None of these provide protections for all actions taken by a Board or individual board members – such where there is a breach of fiduciary duty or malfeasance.
- Read your governing documents, check your insurance coverage and confirm you are acting within the scope of and consistent with your responsibilities

*Jane Rogers*

# QUESTION

How do we balance 'curb appeal' projects with critical infrastructure needs like roofing or plumbing?

# ANSWER

- Prioritizing projects:
  - Life safety
  - Quality of life
  - Structural
  - Water infiltration
- If there is a conflict in the use of funds, do the minimum at the exterior until the critical projects have been completed.

*Sarah Steel*



# Questions?

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