

## **Committee Findings for Self-Managed HOA vs. Use of Management Company**

The committee composed of Bob Essek, Cindy Gillespie, Nikki Headlee and Kris Srodawa are presenting the following findings for self-managed HOAs and Management Companies for HOAs.

### **1.0 SELF-MANAGED HOAs**

#### **1.1 Prairie View HOA, Watkins**

Prairie View has been self-managed for over 20 years. They have five board members. They have regularly scheduled meetings. They do not have an Architectural Committee. They self-manage 70 homes. The dues are \$100 a year. The cost of the water is separate. The water fee is \$50 a month. Current price of water is \$1.50 per 1,000 gallons. Use ranges from 3,000 to 4,000 gallons per month.

They do have an insurance policy to handle liability issues. They retain an attorney for \$100 a month. The fee allows three to five calls a month.

They do retain an accountant for \$300 a month.

Prairie View does have covenants with a fine schedule for offenses. The covenants have just started to be enforced within the past two and a half years. This is presenting issues for the board as there are so many violations, it is tough to be impartial; according the current Board secretary, Stacy. They are struggling to find middle ground with the covenants. In some cases, the covenants align with county regulations. In those cases, the board calls the county for violations. Other challenges are getting people to serve on the board.

The process for covenant enforcement is the following:

- A homeowner issues an anonymous complaint to the board
- The board sends a warning letter to the home owner and the president usually follows up verbally; usually a second letter is all that is required
- If non-compliance continues, a lien will be placed on the home
- There is not an official Grievance process. The homeowner is welcome to come to the next HOA meeting and dispute their violation

A invitation was made by Stacy, the board secretary, to come to one of their HOA meetings. She also invited Watkin's Farm board members to meet with their board members to discuss their processes and issues.

#### **1.2 Maple Valley HOA, Arvada**

Maple Valley has been self-managed for over ten years. They do have an Architectural Committee. The dues are \$70 a year. They have regularly scheduled meetings.

They have an insurance policy to handle liability issues. They do not retain an attorney. One is hired, if needed. They do their own accounting.

Maple Valley does have covenants which have been enforced from the inception of the HOA. They have a fine schedule for offenses. The process of enforcement is the following:

- The ACC drives through the community once a month, inspecting the community
- Residents can also report a violation to the ACC
- The ACC sends out a warning letter to the homeowner; usually that is all that is required. Additional letters are sent, if necessary
- If non-compliance continues, a lien is placed on the home
- There is a grievance process; the board will meet after the grievance hearing to make a decision

In both of these cases, the HOAs decided they would rather manage themselves than spend the money on a management company and are content with that decision.

## **2.0 HOA MANAGEMENT COMPANIES**

### **2.1 SMALL ASSOCIATION MANAGEMENT**

4255 S. Buckley Road #164

Aurora, CO 80013

Hank Henningsen – 303-500-2080

Cost: ~\$350 per month

**Ballpark \$350.00 a month for 4 meetings a year.** They will also do ala carte. SAM specializes in associations with less than 100 units. They have a “team” approach which includes a manager, assistant community manager, accounting manager and IT manager.

#### **Company Profile**

SAM is a full-service community management firm that provides exceptional service to homeowner and condominium associations. Our company offers superior, professional management, accounting and consulting to foster community friendships, increase safety, and reduce stress.

SAM only manages single family home, townhome and condominium associations. It is all we do, and we are well practiced at it. Regardless of our name, SAM services

associations of all sizes and our experience helps us to develop efficient methods for operating each community.

We specialize in associations of less than 100 units; however, we do manage larger associations as well. Our portfolio includes mixed use communities with 24 hour operations and budgets of more than \$1,000,000 per year to our smallest association, of only 6 units. We have found away to minimize costs in order to provide professional, full-service management to every association.

We are distinctive, professional, and you may speak to ANYONE within our communities for a reference. Small Association Management has a 100% retention rate. We have never been fired from an association in our 10+ years of business. fired from an association in our 10+ years of business.

### **Our Style**

- We have access to collection attorneys who will collect on a contingency rather than charging the HOA first.
- We recognize that the board of directors and ultimately the homeowners who elect them are the sovereign authority in this business. We will guide and direct the board, making sure that you are provided with enough information to make proper and informed decisions. As a fiduciary of the association, you hold responsibility for decision making. As an executor, we will neither violate your policies, nor institute any new policies without your prior approval and awareness.
- Many attorneys provide a Maintenance and Insurance Responsibility Chart for a cost of \$800 or more. It is our philosophy that this type of analysis is required in order for us to properly manage your association. Once contracted, we will provide your Responsibility Chart free of charge.
- All expenditures outside of the budget MUST have board approval prior to any checks being cut. We will NEVER raise your rates or provide additional services costing you money without your prior awareness and approval.
- All of our Community Managers are trained SPECIFICALLY in HOA management. We are not Realtors or Developers doing this as a “side job;” we are the leading experts in this field.
- We are able to save you money by pooling insurance policies, and regulating contractor compliance.
- WE DO NOT CHARGE EXTRA for accounting and web-site maintenance. When you are comparing our price with our competitors, please know

that our management fee includes both accounting and web site maintenance. These costs are “fixed” and will not be raised during the term of the contract.

### **Included Services**

Below are the services that are included with our management cost and that do not cost the association anything additional.

### **Accounting**

- Dedicated Accounting Manager
- Monthly Financial Statements (available in hard copy and online)
  - \_ Balance Sheet
  - \_ Income/Expense Statements
  - \_ Delinquency Reports
  - \_ General Ledger
  - \_ Budget Comparison Report
  - \_ Bank Reconciliation Report
  - \_ Copies of All Bank Statements
- Annual Budget Preparation
- Year End Auditor Setup and Correspondence
- Vendor Payments
- Checks Cut up to Three Times Per Month
- Receive Homeowner Payments
  - \_ Mail
  - \_ Online
  - \_ Automatic Withdrawal
- Collection Services
  - \_ Late Letters
  - \_ Demand Letters
  - \_ Lien Filings
- Payroll Services
  - \_ Personnel Taxes
  - \_ Employee Payments
  - \_ Payroll W2's
  - \_ Personnel Files

### **Meetings**

- Prepare Meeting Agenda
- Prepare Board Meeting Packets
  - \_ Agenda, Summary Management Report, Detailed and Date-Stamped Management report, copies of correspondence, ACC report, Financial Packet, Copies of bids, proposals, contracts and comparisons, and minutes from the previous meeting for adoption

Deliver Board Packets the Friday before each Meeting  
Provide draft of minutes to board via e-mail not more than 48 hours after the meeting.  
Post Approved Minutes on Website  
Attend Board Meetings  
Attend Annual/Budget Ratification Meetings  
Attend Special Meetings  
Coach President to Run Efficient Meeting  
Counsel and Guide Board at Meetings  
Offer Experience, Training, and Knowledge for Decision Making

### **Vendor Management**

Preferred Vendor List from Years of Experience with Area Vendors  
Bid Process Handling  
Vendor Contract Awarding  
Vendor Oversight  
Vendor Invoice Research and Approval  
Association Attorney Correspondence  
Insurance Review and Updating

### **Home Re-Sale Coordination**

Homeowner Disclosure  
New Resident Welcome Letter  
New Resident Information Package  
Membership Transfer Facilitation

### **Communication**

24 Hour Emergency Call Line  
24 Hour Call Return Promise (one hour for emergencies. Board members get call backs within two hours at any time, Homeowners get a call back no later than the next business day.)  
Board Members Have Manager's Cell Phone  
Website Request Submittals  
Email Communication  
Newsletter Coordination and Sending  
Meeting Notices  
Special Mailings and Notices

### **Website**

Free Dedicated (& Secured) Community Website  
Homeowner can make payments online  
Board Access for Financials

Association Documents for Homeowner Download  
Online Maintenance and Document Requests  
Community Message Boards

### **Files Maintenance**

Maintain Books and Records for Association  
Maintain Books and Records for All Lots  
Maintain Association Legal Documents  
Maintain Files of Maps, Plats  
Maintain Committee Files  
Property Asset Inventory

### **Board Assistance**

Board Member Training  
Board Member Guidance  
Weekly e-mail updates / Monthly Management updates  
Board Planning Sessions to Prepare for Meetings and Events  
Architectural Change Process Facilitation and Notification  
Operating Guidelines  
Legal Updates

**Compliance** (some services are an additional minor cost)-every 7 to 10 days

Compliance Coordinator to Inspect Homes  
Digital Photos of Every Violation  
Letters to Non-Compliant Homeowners with Photo  
Follow Up Letters to Ensure Compliance  
Fine Letters  
Third Party Clean Up and Charge to Non-Compliant Homeowner

## **2.2 COMMUNITY RESOURCE ASSOCIATES, INC.**

**499 South Dahlia Street Denver, Colorado 80222**

**303-758-4876 (office)303-758-4874 (fax)**

[www.propertymanagementcompany.biz](http://www.propertymanagementcompany.biz)

Cost: \$11 per house per month (56 x 11 = \$616)

### ***COMPANY PROFILE***

***Community Resource Associates Inc.*** is a Colorado corporation that provides multi-discipline professional property management services for corporations and non-profit governmental agencies. Included in our reference list are homeowner associations,

special districts and governmental agencies responsible for overseeing residential and housing developments. **Community Resource Associates, Inc. is a member of the Denver Better Business Bureau.**

We currently perform management work for the following associations and districts in the metropolitan area whose responsibilities are similar to your Association:

Country Homes Metropolitan District (Cherry Hills Village, CO)

Country Homes Land Company/Homeowner Association (Cherry Hills Village, CO)

Royal Oak Condominium Association (Denver, CO)

Horizons at Stony Creek Association (Littleton, CO)

Waterford Place Owners Association (Aurora, CO)

Southwind & Eastpointe Homeowner Association (Aurora, CO)

Provincetown Landing Phase I Association (Denver, CO)

The Conservatory Homeowner Association (Aurora, CO)

### ***SCOPE OF SERVICES***

#### **Financial Services**

- Prepare annual budget;
- Receipt and collection of homeowner dues and special assessments including assistance to HOA's legal counsel if necessary for collection efforts;
- Maintain accounts for deposit in qualified financial institution;
- Reconciliation of bank statements;
- Maintenance of monthly accounting ledgers including accounts payable, balance sheet, and income and expenditures;
- Review invoices, prepare checks and disburse funds with signature(s) of members of Association board;
- Preparation of monthly financial reports;
- Assist realtors and title companies in properties listed for sale and/or under contract.

#### **Insurance**

- Ensure that the Association carries hazard, liability, and directors & officers insurance coverage;

- Assist insurance company with association claims;
- Assist owners in responding to personal insurance carriers.

### **Meetings**

- Prepare and mail/deliver notices and packets for quarterly and annual meetings;
- Attend Membership meeting annually;
- Preparation and maintenance of meeting minutes and association documents.

### **Administrative Services**

- Provide necessary clerical support to accomplish necessary tasks;
- Maintain up-to-date homeowner and renter lists;
- Provide liaison and reports between Association and legal counsel, including covenant enforcement efforts;
- Provide new members with information regarding the Association and dues/assessments;
- Act as a liaison between Directors and the Association membership;
- Repository for Association Documents - minutes, maps and plans, and general correspondence;
- Bidding and oversight of contracted projects (landscape maintenance, trash service, and periodically re-bid vendor contracts, hire, oversee, and terminate contractors as necessary);
- Communicate with on-site workers regarding maintenance responsibilities.

### **Covenant Enforcement/Property Inspections**

- Inspections of the community to determine violations of the Covenants;
- Notification of violations verbally and in writing if necessary. Follow-up violations on a continuing basis through resolution. Management will not trespass on private property or take action that is contrary to law.

### ***OUR FEES AND WHAT IS INCLUDED***

Based on our assessment of the community, we propose a fee of **\$11.00 per month per residence (per phone quote, negotiable till full proposal submitted. Willing to discuss needs and ala carte of individual services)**. Community Resource Associates is prepared to assume the Association Management responsibilities as described in the Scope of Services without the assessment of a setup fee.

#### **Included in our management fee:**

- Paper, envelopes, and labels;
- Travel charges to and from the community;
- Assist your attorney in handling legal matters;
- Processing “insufficient funds” checks;

- Processing insurance claims on behalf of the Association;
- Assist your accountant with annual audit and taxes;

**Not included in our management fee:**

- A transfer fee assessed for property sales and re-sales. The fee is paid at the closing by the seller/buyer – not by the association;
  - Postage;
  - Outgoing long distance telephone calls;
- Hourly fee for court hearings, and meetings in excess of one per month.

**2.3 MSI, LLC (Aurora)**

John Field  
 3033 S. Parker Rd.  
 Aurora, CO 80014 Phone 303-420-4433 Fax 303-751-7396  
 Cost: \$800

**Rates:** For a single family association that meets quarterly as a board with our manager for your community, we provide full service management for \$800 per month. However, I would want to discuss your communities specific needs before providing a firm quote.

**Services:** We only have two levels of service to choose from, either full service or accounting only. What is included in both can be found at this link: [www.msioa.com](http://www.msioa.com)

**SERVICES - FULL SERVICE MANAGEMENT**

**ACCOUNTING SERVICES**

Budget Preparation  
 Twenty Year Reserve Planning  
 Financial Reporting  
 Bank Account Management  
 Booking Deposits  
 Delinquency Follow-up  
 Lien Filing & Release  
 Accounts Payable  
 Attorney Liaison  
 Membership Records  
 Title Transfer Processing  
 CPA Liaison  
 Attorney Liaison for Delinquencies

## **ADMINISTRATIVE SERVICES**

Association Record Keeping  
Correspondence Preparation  
Insurance Company Liaison  
Desktop Publishing  
Newsletters  
Mailings  
24 Hour Emergency Response  
Covenant Logs & Letters  
Bid Solicitation  
Work Order Issuance  
Contract Liaison

Design Review Request Processing

## **MEETINGS**

Agenda Preparation  
Board Packet Prior to Meetings  
Conduct Meetings  
Facilitate Meetings  
Document "To Do" Lists  
Conduct Annual Meetings  
Facilitate Design Review Meetings  
Conduct Informational Meetings  
Conduct Special Meetings  
Minutes Preparation

## **SERVICES - ACCOUNTING ONLY**

### **Management Services For Associations Which Are Otherwise Self Managed**

Budget Preparation  
Twenty Year Reserve Planning  
Financial Reporting  
Bank Account Management  
Booking Deposits  
Delinquency Follow-up  
Lien Filing & Release  
Accounts Payable  
Attorney Liaison  
Membership Records  
Title Transfer Processing  
CPA Liaison

Attorney Liaison for Delinquencies

**Website:** We host separate password protected websites for every community that we manage and not only are the minutes posted, but also all of the SB-100 required documents that must be on a site accessible to your owners. The site carries a fee of \$40 a month to host and update.

**Education/training:** We have a trainer on staff that provides custom classes for board members based on your desire to learn specific topics related to HOA's in general and yours specifically. The classes can be flexible in terms of when they are held but are limited to business hours. We don't charge extra for those classes.

**Covenant Enforcement/Dispute Resolution:** Guidance is based on the experience gained from 25 years in the business, absolutely this is addressed.

## **2.4 COLORADO MANAGEMENT & ASSOCIATES, INC.**

Teddy Bender

8100 Southpark Way, Suite A-5

Littleton, CO 80120

Phone: 303-730-2200 ext 3132 Fax: 303-730-0953

[tbender@coloradomanagement.com](mailto:tbender@coloradomanagement.com)

Cost: \$1300

**Rates:** We have a base rate of \$1300 p/month.

**Services:** We do separate accounting for \$600 p/month and we would be able to do architectural control for \$75 per hour.

**Website:** We do have our own websites. We own a block of websites for our associations. The association has a website for \$250 setup charge and then \$50 monthly fee.

**Education/Training:** Through our continued education programs with the various attorney firms, this is available and of course through the managers who have the expertise also based on their continuing education.

**Covenant Enforcement/Dispute Resolution:** Your covenant enforcement should per State Statute SB100 be in the form of a resolution. This requirement was effective January of 2006. This is the guideline for enforcement. If this has not been completed, your declarations will be a beginning point. Dispute resolution is also a required resolution per State Statute SB89. Again, the association's preference will prevail with their resolution. Often, professional mediation offered by many counties is the best program to follow.

### 3.0 Applicable Colorado Statute

3.1 The following was extracted from The Colorado Common Interest Ownership Act of 2005, CRS 38-22-3-101, concerning roles and responsibilities of HOAs relevant to governance of a common property within Colorado. This extraction does not represent the entire document.

#### **§ 38-33.3-209.4. Public disclosures required--identity of association-- agent-- manager--contact information**

<Text of section effective January 1, 2006>

(1) The association shall provide to all unit owners, at least once per year, a written notice stating the name of the association; the name of the association's designated agent or Management Company, if any; and a valid physical address and telephone number for both the association and the designated agent or management company, if any. The notice shall also include the name of the common interest community, the initial date of recording of the declaration, and the reception number or book and page for the main document that constitutes the declaration. If the association's address, designated agent, or management company changes, the association shall provide all unit owners with an amended notice within ninety days after the change.

(2) Within ninety days after assuming control from the declarant pursuant to [section 38-33.3-303\(5\)](#), and within ninety days after the end of each fiscal year thereafter, the association shall make the following information available to unit owners upon reasonable notice in accordance with subsection (3) of this section:

- (a) The date on which its fiscal year commences;
- (b) Its operating budget for the current fiscal year;
- (c) A list, by unit type, of the association's current assessments, including both regular and special assessments;
- (d) Its annual financial statements, including any amounts held in reserve for the fiscal year immediately preceding the current annual disclosure;
- (e) The results of any financial audit or review for the fiscal year immediately preceding the current annual disclosure;
- (f) A list of all association insurance policies, including, but not limited to, property, general liability, association director and officer professional liability, and fidelity policies. Such list shall include the company names, policy limits, policy deductibles, additional named insureds, and expiration dates of the policies listed.
- (g) All the association's bylaws, articles, and rules and regulations;
- (h) The minutes of the executive board and member meetings for the fiscal year immediately preceding the current annual disclosure; and
- (i) The association's responsible governance policies adopted under [section 38-33.3-209.5](#).

(3) It is the intent of this section to allow the association the widest possible latitude in methods and means of disclosure, while requiring that the information be readily available at no cost to unit owners at their convenience. Disclosure shall be accomplished by one of the following means: Posting on an internet web page with accompanying notice of the web address via first-class mail or e-mail; the maintenance of a literature table or binder at the association's principal place of business; or mail or personal delivery. The cost of such distribution shall be accounted for as a common expense liability.

(4) Notwithstanding [section 38-33.3-117\(1\)\(h.5\)](#), this section shall not apply to a unit, or the owner thereof, if the unit is a time-share unit, as defined in [section 38-33-110\(7\)](#).

#### **§ 38-33.3-209.5. Responsible governance policies**

<Text of section effective January 1, 2006>

(1) To promote responsible governance, associations shall:

- (a) Maintain accounting records using generally accepted accounting principles; and
- (b) Adopt policies, procedures, and rules and regulations concerning:
  - (I) Collection of unpaid assessments;
  - (II) Handling of conflicts of interest involving board members;
  - (III) Conduct of meetings, which may refer to applicable provisions of the nonprofit code or other recognized rules and principles;
  - (IV) Enforcement of covenants and rules, including notice and hearing procedures and the schedule of fines;
  - (V) Inspection and copying of association records by unit owners;
  - (VI) Investment of reserve funds; and
  - (VII) Procedures for the adoption and amendment of policies, procedures, and rules.

#### **§ 38-33.3-209.6. Executive board member education**

<Text of section effective January 1, 2006>

The board may authorize, and account for as a common expense, reimbursement of board members for their actual and necessary expenses incurred in attending educational meetings and seminars on responsible governance of unit owners' associations. The course content of such educational meetings and seminars shall be specific to Colorado, and shall make reference to applicable sections of this article.

#### **§ 38-33.3-209.7. Owner education**

<Text of section effective January 1, 2006>

(1) The association shall provide, or cause to be provided, education to owners at no cost on at least an annual basis as to the general operations of the association and the rights and responsibilities of owners, the association, and its executive board under Colorado law. The criteria for compliance with this section shall be determined by the executive board.

(2) Notwithstanding [section 38-33.3-117\(1.5\)\(c\)](#), this section shall not apply to an association that includes time-share units, as defined in [section 38-33-110\(7\)](#).

**§ 38-33.3-301. Organization of unit owners' association**

<Text of section effective until January 1, 2006>

A unit owners' association shall be organized no later than the date the first unit in the common interest community is conveyed to a purchaser. The membership of the association at all times shall consist exclusively of all unit owners or, following termination of the common interest community, of all former unit owners entitled to distributions of proceeds under [section 38- 33.3-218](#), or their heirs, personal representatives, successors, or assigns. The association shall be organized as a nonprofit, not-for-profit, or for-profit corporation or as a limited liability company in accordance with the laws of the state of Colorado; except that the failure of the association to incorporate or organize as a limited liability company will not adversely affect either the existence of the common interest community for purposes of this article or the rights of persons acting in reliance upon such existence, other than as specifically provided in [section 38-33.3-316](#).

<For text of section effective January 1, 2006, see § 3 8-33.3-301, post.>

**§ 38-33.3-301. Organization of unit owners' association**

<Text of section effective January 1, 2006>

A unit owners' association shall be organized no later than the date the first unit in the common interest community is conveyed to a purchaser. The membership of the association at all times shall consist exclusively of all unit owners or, following termination of the common interest community, of all former unit owners entitled to distributions of proceeds under [section 38- 33.3-218](#), or their heirs, personal representatives, successors, or assigns. The association shall be organized as a nonprofit, not-for-profit, or for-profit corporation or as a limited liability company in accordance with the laws of the state of Colorado; except that the failure of the association to incorporate or organize as a limited liability company will not adversely affect either the existence of the common interest community for purposes of this article or the rights of persons acting in reliance upon such existence, other than as specifically provided in [section 38-33.3-316](#). Neither the choice of entity nor the organizational structure of the association shall be deemed to affect its substantive rights and obligations under this article.

<For text of section effective until January 1, 2006, see § 38-33.3-301, ante.>