

HOA Oversight: best practices

Prepared by:

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Best practices identify undertakings and tasks that ensure proper management of the HOA and identify responsibilities and accountability for HOA operations and financial management.

Our short list:

Upon the **transition of the HOA from the developer to the home owners**

- (1) Initiate an audit of assets and financial resources to be owned by the HOA
- (2) Homeowners should consider whether they want to retain the property management company and HOA lawyer upon transition to ensure these positions are totally independent from the developer
- (3) All HOA contracts should be reviewed and voted on for continuance (
- (4) All access privileges to HOA resources and memberships to HOA owned facilities should be reviewed to limit privileges to only those authorized and those with paid/current accounts.
- (5) All security systems including keys, card keys, and user id's and passwords to computer systems and HOA resources should be changed and/or validated to ensure only those with a need possess such security tools
- (6) Initialize and update access privilege to HOA bank accounts and other financial resources to indicate the HOA authorized begin date for audit and accountability.

When there is a **change in community association management (HOA Property Manager)** the HOA should complete an audit/inventory of HOA bank accounts, contracts, and other assets to confirm the existence and accuracy against the HOA's financial and inventory records.

Upon any **transition/replacement of a person or entity** who was authorized to handle bank accounts, represent the HOA in contract or work approval, had access to HOA financial assets or had access privileges to HOA buildings and property such authorizations shall have such authority revoked.

Request a review and publication of all HOA delinquencies and efforts to collect.

The reserve funds should be audited for adequacy and results published at least once a year. In the event of low or non-existent reserve funds develop plans to replenish to the proper level should be published.

Consider (until State laws are changed) changing your governing documents to implement term limits for Board members when others are willing to serve and to limit the amount of debt and special assessment that can be completed by the Board without home owner knowledge or approval.

Consider changing your governing documents to limit or end the number of rental units and/or absentee landlords.

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Distribute to all home owners at least once a year a document detailing what maintenance tasks are the responsibility of the home vs the HOA, snow removal and lawn mowing policies, and parking rules.

Apprise home owners of the insurance carried by the HOA and what it covers and what it doesn't and advise home owners to contact their insurance agents for possible reduction in rates by acquiring a specific HOA/condo policy.

Periodically remind home owners about HOA covenant, controls, and restrictions.

Challenge your Board and Property Management Company about the justification and amount of any HOA home sale Transfer Fees. Most fees represent services already paid for by the home owner via dues.

Apprise all home owners of the State's dispute resolution process relating to CAMs (HOA Property Managers) who directly or observe violations of State law or HOA governing documents.

Work on home owner participation.

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