

Friday, October 12, 2012 \$9,000 for Light bulbs?

Here's what happens when HOA homeowners get access to financial records. For years, a group of steadfast homeowners have been requesting, and being denied, full access to HOA financial records. You may ask what took so long. The right to access HOA records is the legal right of every HOA homeowner: it's in Colorado law and in HOA governing documents. However, just because a legislature passes laws stating this right doesn't guarantee access to records. In fact, in Colorado we have several pieces of legislation that are very definitive in this right but all have one thing in common that shuts out homeowners: enforcement and penalties for violations are extremely weak making HOA laws basically unenforceable. Access denial can only be responded to by the homeowner by taking their HOA to Court. This simply doesn't work. Most homeowners can't afford our expensive pay-to-play Court System. The track record of homeowners winning in Court, even those who hire a lawyer, is very, very poor. The Court System is quite frankly a hostile environment for homeowners, complicated, and even the most simple case can get very litigious. Then there is the fact that the HOA will use your own HOA funds to block records access and, win or lose, nobody in the HOA will be held accountable and the HOA lawyers will be paid (win or lose). Back to the story of the light bulbs and our determined homeowners. They finally got access to some HOA records and that's when the sticker shock hit them in the face. Most homeowners assume and expect their HOA Boards to act in a fiduciary capacity. You know what they say about those who assume! One, of many, items on the financial statements that stuck out was an expenditure of over \$5,000 for light bulbs. This was supposedly to replace the regular bulbs in about 150-175 light sockets with environmentally efficient LED bulbs. Let's do the math. That's about \$30 per light bulb. A quick search on the web indicates these can be purchased for between \$6 and \$25. No special requirement was identified to justify the more expensive bulbs. This story could just end with disgust on the homeowner's part but now they wanted to see the invoices, find out who authorized the purchase, and where the bulbs were since none were installed. Again, the Board (and property management company) refused access to supporting documents to the homeowners. A few months later the cost of the light bulbs had risen to over \$9,000 on the financial statements! This is where the case stands at present. The homeowners will persist in their request for records each month at HOA meetings. They really can't afford to gamble in our Court system to get the HOA to obey State law. This and other stories come to us at the Colorado HOA Forum www.coloradohoaforum.com every month. These should be simple disputes to resolve and definitely don't belong in our Court system. If these homeowners had an inexpensive, out of court, binding dispute resolution process using arbiters you can bet this and other HOAs and property management companies would be more reluctant to recklessly spend HOA funds. Legislative reform to include workable and affordable means for enforcing HOA law is overdue.