



The Elite Insider

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Social media has many benefits— it allows you to maintain connections with friends, make new contacts, build support networks, express yourself and share your interests. However, information should be shared with caution to protect yourself and your family. Here are seven top tips for social media safety:

1. Your personal information should be just that— personal. As hackers become more and more sophisticated, identity theft becomes a greater risk. And while it may be tempting to post pictures of your fabulous vacation, bear in mind that you're also letting others know you're away from home—making you vulnerable to a break in.
2. Use privacy and security settings to limit who can see what you share online. You wouldn't give details of

your private life to complete strangers in person, so don't do it online either.

3. Remember that what you post online will stay online, so consider the long-term consequences. Could your social media presence prevent you from securing a job in the future? Would you want your coworkers to see this side of you?
4. Let your social network know your boundaries. For example, if you don't want images of yourself or your children posted online, let your friends and family members know.
5. Know what to do if someone is making you feel unsafe online. Some steps you can take include blocking the offender, reporting the person to the site administrator and removing him

offender from your friends list.

6. Social media doesn't just spread information, it can also spread viruses and other risks to your computer. Defend your system by using the latest security software and web browser and installing updates regularly.
7. Protect your social media accounts by using password best practices. Long combinations of letters, numbers and symbols are the most secure, and separate passwords should be used for each account.



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Friday 8:30-1:00

Thank you for your donations!

Everyone at Elite Management Professionals would like to thank you for your donations to the NC Food Bank. At the Holiday Open House this year we collected an abundant amount of food and other necessary items to donate

to this wonderful cause. We are pleased to announce that with your contribution we were able to donate over 860 lbs. of food and \$90 in cash donations to the Food Bank of Central and Eastern NC this year!

Elite is so thankful for all of you and your continued support. It is an amazing feeling to be able to give back to our community year after year. Thanks again!!

Can an HOA Change Its Mind about Fines?

A rather unusual community association decision was issued yesterday by the North Carolina Court of Appeals. Without question, the facts are rather convoluted and not of that much interest to other associations, but there's one takeaway worth noting.

In *Bilodeau v. Hickory Bluffs Community Services Association, Inc. et al.*, owners in a homeowners association were called to a hearing before the board pursuant to NCGS § 47F-3-107.1 for alleged violations of the declaration. The owners were fined, but during the pendency of a lawsuit about the hearing and fine a new board was elected, which immediately voted to cease imposition of any fines against the owners. Other owners, including past members of the board of directors that imposed the fines sued the association, the new board, and the homeowners at issue seeking an order to foreclose on liens against the owners' property for unpaid fines. The newly elected board then voted to rescind and vacate any past fines against the homeowners

While numerous questions were argued before the Court of Appeals, one was basically "can a board change its mind and rescind fines previously imposed on an owner"? Plaintiffs argued "no," that once fines are imposed the board is without authority to rescind them under the association's governing documents and must pursue a lien against the fined member's property. As a result, the Court of Appeals found that "Even if the fines had been properly imposed . . . , the Board possessed the authority under the Planned Community Act and Robert's Rules of Order to later rescind the fines." While logic and common sense might suggest a board could later change its mind as to a prior violation or fine decision, *Bilodeau* is the first North Carolina court decision to hold that.

The Court of Appeals noted that generally "the power of an entity to take action inherently includes the power to alter or rescind such actions once taken." The Court also referenced *Robert's Rules of Order Newly Revised (11th Edition)*, which by state statute governs HOA member and board meetings in North Carolina:

Rescind—also known as *Repeal* or *Annul*—is the motion by which a previous action or order can be canceled or countermanded. The effect of Rescind is to strike out an entire main motion, resolution, order or rule that has been adopted at some previous time.

FINED!

Calendar of Events and Office Closings

JANUARY 2016

January 1st– New Year's Day All Offices Closed

January 18th– Martin Luther King Day Main Office Closed

January 26– 6:00– 8:00 pm– **Board Education Seminar** held at Elite Management Professionals Raleigh Office

Come join us to review the important role of serving on the Board, how to review the financial statements, governing documents and review your community websites. Please contact Dawn Hatcher to register.

MARCH

March 25– Good Friday– Elite Management Professionals Office Closed

APRIL

April 26th– Spring Fling



Top 5 Reserve Study Misconceptions

By: Robert M. Nordlund, PE, RS, CEO and Founder of Association Reserves, Inc.

As a professional Reserve Study provider, we guide associations towards having sufficient funds for the major common area repair and replacement projects their association will face. We may provide counsel, but the board remains in control of the association. So what are the biggest misconceptions we see among our clients? All our clients are well-intended, but we regularly see the same five costly thinking errors leading to decisions which end up being expensive or disruptive for their association. Read on, to avoid falling prey to them yourself!

1) Thinking that contributing 50% of our recommended reserve contribution will result in the association being 50% Funded

It takes a significant amount of cash to provide for the timely repair and replacement of the association's Reserve components. But it only takes 10-15% more to add some "margin" to your Reserve Fund and be on-track to become fully (100%) Funded. Cutting Reserve contributions in half dooms the association to having inadequate cash, leading to deferred maintenance, special assessments, and a host of other problems.

2) Thinking that delaying a project will save the association some money

So common, but so wrong! Timely repair and replacement projects can go smoothly. But delays make problems bigger, and more expensive. It is all too common to see a \$50,000 painting project turn into a \$100,000 painting and re-pair project due to deferred maintenance and delays. Net effect

– unnecessarily higher costs for the homeowners.

3) Thinking "it's not my problem... it's a future problem that someone else can deal with"

This reveals a fundamental misconception about Reserves. Roof, paint, asphalt, elevator, etc. all started deteriorating the day they were first installed. That includes last year, this year, yesterday, today, tomorrow, next week, and next year. Reserve contributions offset ongoing deterioration, not a vague expense far off into the future. The "cost" of ongoing deterioration is as real as any other "invoice" the association faces. If every homeowner were to pay their fair share, over the months & years they own a home in the association, the future will take care of itself.

4) Thinking it is not necessary to update the Reserve Study

Do you buy or sell stock based on outdated business news? Would a bank make a loan based on an old tax return? Good decisions require current information. Every year the *conditions* of your assets change, the cost of *replacement* changes, and your *Reserve balance* changes. Since Reserve contributions are typically one of an association's largest budget line items, it makes sense to update that big line item annually. Not only is it a wise thing to do, but homeowners deserve an accurate update on the association's preparedness for the care of the major common area assets, not a regurgitation of something out of date.

5) Thinking we can't afford appropriately sized Reserve contributions

The problem is that this statement is just plain not true! Reserve contributions are relatively inexpensive for the average Condo association in the US, adequate Reserve contributions are typically \$3-\$5/unit per day. That's about the cost of a premium coffee drink. Adequate Reserve contributions for Planned Developments are significantly less. So when people say their association can't afford appropriate Reserve contributions, what they are really saying is: "I'd rather buy my favorite cup of brand-name coffee than pay my fair share of my home's roof, paint, and asphalt deterioration."

For many people "perception" is reality, even when perception and reality are quite different! The way something is regarded, understood, or interpreted leads to a mental impression that may not reflect the truth. But the people responsible for directing the Association finances and protecting the value of the properties within the Association are held to a standard of reality, facts, and the truth. Well-intended board members and Managers who are open to overcoming some "misguided thinking" can avoid many costly errors in judgement and decision-making.

