



The Elite Insider

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Five Traits of a Successful Community - article from HOA-USA.com newsletter

Whether you are a planned community, condominium or mixed use association, all communities share five traits for success. These five characteristics, when employed together, allow a community to operate at its highest level of efficiency and efficacy, benefiting everyone involved - the board, homeowner and management.

1. A Functioning Board of Directors

Because all five characteristics are affected by board actions and decisions, an effective board is set as the first priority. The most critical component of an effective board is knowledge. Board members must have a working knowledge of their community's governing documents if they are to make informed decisions during meetings. The board meeting is not a "discussion forum" or "planning session"; it is a business meeting. It is imperative that board meetings are efficient and productive. The majority of official business is conducted during the board meeting. It is also an opportunity for homeowners to see their board in action. A disorganized meeting can create a negative perception of a board's efficacy. A board meeting does not need to be

long or arduous in order to be productive. Just as much work can be accomplished in shorter meetings, especially when board members are prepared and ready to make decisions. Encourage shorter meetings by creating and sticking to a timed agenda and limiting owner participation to a reasonable and respectful amount of time. An organized, shorter meeting may also be a great recruiting tool for new volunteers and help boards retain current members. The key is for every board member to do his or her homework, reading the meeting material ahead of time and asking questions before the day of the meeting.

2. A Relationship Between the Board and Management

The board is the ultimate decision-making authority, and the managing agent is the indispensable vehicle they utilize to implement and facilitate their vision. By understanding and leveraging the nature of this relationship, communities are well on their way to success. The managing agent serves as a repository of industry-related experience and information. As such, he or she is a professional service provider that brings stability and



continuity to the community, and affects all aspects of the community's operations. The instrument that establishes the contractual relationship between the board and the management company is the management agreement. Most misunderstandings between a board and the manager occur because one, both or neither party fully understand the terms of the agreement. Boards and management should review the management agreement to ensure both are on the same page at all times. For examples, a common point of contention with boards and managers may be expenditures the manager can make without board approval. The five typical community expenditures - budgetary, unexpected operational, emergency, reserve, and discretionary expenditures - should be addressed within the management agreement.

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Is it that time already? — by Katie Dominello



Planning a budget is year round project! Just when one gets approved the planning process begins for the next year. In order to have a budget presented to the membership many Associations are drafting a budget by August. As we start this very important process here are some items to keep in mind that your manager will be consulting with you on and that you will see in the budget process. In all steps of the process your Manager is here to help you so please do not hesitate to contact your manager with any questions regarding the budget or the planning process.

Contracts- Are there any contracts the Board would like to bid out? Now is a great time of year for the Board to determine if they would like to bid out contracts so the Manager can begin to collect bids. It should also be considered if there are any changes to a contract that would lead to a change in cost. Has new landscaping been added that

needs to be maintained? Is the pool open longer? Etc.

Projects- Does the Board anticipate any projects for the upcoming year? Costs should be anticipated for projects so accurate numbers can be provided in the budget. Your Manager will work with contractors to help identify potential costs. Projects that should be included in your operating budget should not be reserve items.

Working with Committees- Some Association's provide a line item in the budget for committees, their expenses and projects. Committee leaders will be contacted to determine the requested amounts for the budget.

Utilities- Just like most expenses utilities increase each year. Elite will contact utilities to see if there are anticipated increases. Don't be surprised

to see this increase between 5% and 15% per year.

Does the budget make sense- It is important that when homeowners receive a budget that they understand what their HOA assessments are being paid towards. If items do seem confusing these are good to address in the budget footnotes or the budget letter. Please be sure to identify these items to the Manager so they can be clarified.

Assessment Rates- The goal for an Association is to have a balanced budget. When determining assessment rates it is important to review the proposed operating budget, the reserves study or future expenses and upcoming projects. As always your team at Elite is here to help! We are excited to begin budget season with you!

Cont.—5 Traits of Successful Community

3. Communication Between All Parties

The number one complaint received from owners is that the association does not adequately communicate with residents. Communication and transparency are essential for a successful community. Without it, people may feel left in the dark, which can cause discord among board members and homeowners, and the management company.

4. Financial Integrity

The first thing new boards

must learn is their fiduciary duty, a term often thrown around, and all too often misunderstood and misapplied. Fiduciary duty means that the board has an ethical and legal obligation to make decisions in the best interests of the entire association. Board members should never use their position to take advantage of the association and they must act reasonably in all their decision-making processes. The Business Judgment Rule, defined by Smith v. Van Gorkom Del. (1985) as "a presumption that in making a busi-

ness decision, the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the company", is cited as a useful tool for board members to use when making community decisions. Fiduciary duty also encompasses the necessity for an acceptable working budget; preparing for, attending and participating in board and annual meetings; fairly and uniformly enforcing the governing documents; avoiding conflicts of

interests; being a role model to the community's residents; and promoting an understanding and acceptance of the reserve accounts among the members.

5. Community Governance

Finally, a successful community is effectively governed. A community association's governing documents are structured to be a representative form of government, but governing by polls is the greater good of the community.

Raleigh leaders approve front-yard parking ban



RALEIGH, N.C. — Raleigh city leaders on Tuesday approved an ordinance that would prohibit people in certain parts of the city from parking their vehicles in front yards. For years, the City Council has discussed a citywide ban but has never been able to reach a decision.

The vote Tuesday is a compromise that will concentrate on certain areas, such as southwest Raleigh near North Carolina State University. That's where the city has seen some of its worst offenders, partially because of the number of college students renting

homes in neighborhoods where parking on the street requires a city permit.

Neighborhoods across the city would also be allowed to use the ordinance to regulate parking.

The City Council will hold a public hearing Sept. 4 for residents to give their input.

Also on Tuesday, the City Council heard a report from city staff about overhauling Capital Boulevard — many parts of which have become

rundown or are prone to flooding.

Among the \$60 million in improvements is widening Capital Boulevard to six lanes for the entire stretch between Interstate 440 and downtown and adding new interchanges at Peace Street and Wade Avenue.

City leaders also approved a plan to add bike lanes to three sections of Oberlin Road — from Groveland to Clark avenues; from Bedford Avenue to Mayview Road; and Wilshire Avenue to Colonial Road.

2012 Elite Awards Nominees



Over the years, we have felt that our communities have excelled in many areas. The Elite team believes that you should be awarded for your superiority. Therefore we would like to announce THREE very special annual

awards. The awards will be presented to the two communities that best illustrate exceptional community progress and to the person who has demonstrated exemplary volunteerism during the previous year.

Board members are asked to complete our survey of questions nominating their Community or their amazing Volunteer for outstanding performance, selflessness, and achievement. Visit our website for the link .

2012 Calendar of Events



JULY IS CLIENT APPRECIATION MONTH

We want to thank you for taking the time to serve your community.

Wednesday, July 4 Independence Day

All Elite Offices are closed in observance of Independence Day.

Friday August 31, 2012

Deadline for all Elite Award

Nominations. Please send in your nominations for your outstanding community and volunteers. See article above for more information.



Monday, September 3, 2012 Labor Day

All Elite Offices are closed in observance of Labor Day.

2012 Budget Season

Get a jump on your budget this year. Start the bidding process now. Determine which contracts need updates in specifications, review current service level, discuss contracts at your August meeting.