

A GUIDE TO LIVING IN A COMMUNITY ASSOCIATION

The basics of living happily ever
after in a community association.

Though many Southern Californians live in neighborhoods that are governed by a community association, we find that lots of residents are unclear about the rights and responsibilities they have as members of the association. As a result, homeowners and condo-owners are missing out on the complete scope of available benefits. In this guide, we aim to answer everything you wanted to know about the basics of living in a community association...but were afraid to ask.

TABLE OF CONTENTS:

What, exactly, is a community association?..... 3

How do I become a member of an HOA?..... 3

What does HOA membership entail?..... 3

Where can I find more information about my community association?..... 4

What are the benefits of living in a community association?..... 5

If my community has a HOA, why do we need a community association management company?..... 6

Why is property management good for your home value?..... 7

Can we just manage our neighborhoods ourselves?..... 7

So, what does a property manager do, exactly?..... 8

How do I submit repair & maintenance requests?..... 10

Understand what constitutes a maintenance request..... 10

Keep your contact list updated..... 11

Know when to expect a response..... 11

Provide feedback after your request has been handled..... 12

Enjoy your community!..... 13



WHAT, EXACTLY, IS A COMMUNITY ASSOCIATION?

A community association (also called a homeowner association, homeowners association, or HOA) is a non-profit mutual benefit corporation. It is a legal entity charged with managing and maintaining the property and has an important fiduciary responsibility to oversee financial management of association funds, collected in the form of member dues.

HOW DO I BECOME A MEMBER OF AN HOA?

When you buy a property that is part of the association, you automatically become a member and receive the rights of membership, as defined in your association's governing documents. You are generally not able to "opt out" of joining the association; it is a requirement that accompanies your property purchase.

WHAT DOES HOA MEMBERSHIP ENTAIL?

When you buy into the association, you legally undertake the responsibility and duties of membership. These rights generally include things like the right to use common areas, the right to run for a seat on the board of directors, the right to enjoy your property, etc. It also means that you will be obligated to follow all association rules and support the association through regular payment of dues.



WHERE CAN I FIND MORE INFORMATION ABOUT MY COMMUNITY ASSOCIATION?

Community associations maintain current governing documents, including Articles of Incorporation, Rules & Regulations, Bylaws and Declarations of Covenants, Conditions and Restrictions (called “CC&Rs”).

- The Articles of Incorporation outline basic information about the organization, including the association’s name, location, and purpose.
- Bylaws cover how the organization is run and usually detail the association’s rights and responsibilities as well.
- CC&Rs are a more comprehensive document that spell out in great detail all the specifics about homeowner and association rights and responsibilities.
- Finally, the Rules & Regulations are the day-to-day rules by which homeowners must abide.

You can usually find your association’s governing documents on your community’s website or you may request a copy from a board member or your community association management company.



WHAT ARE THE BENEFITS OF LIVING IN A COMMUNITY ASSOCIATION?

Living in an area that is overseen by an HOA is your choice. You are not required to purchase a home in an area governed by an HOA. However, homes with community associations enjoy significant advantages including:

- **Higher property values.** Because rules and regulations are in place, properties and common areas are usually better maintained which helps keep property values high.
- **Faster, more responsive common space maintenance.** Local HOA management is replacing many of the services that were formerly handled by cities or municipalities, including street lighting and road repairs. Live outside an HOA and repairs and upgrades fall under the responsibility of cities whose resources are already stretched thin.
- **More control over decisions.** Since the amenities in your community are part of a corporation in which you act as a member, you have the right to participate in decision making regarding upgrades and changes.
- **Greater sense of community.** Community association management provides a common set of values and builds a sense of community with people who share your lifestyle. HOAs often organize community activities and events that help homeowners get to know one another and create close-knit neighborhoods.



IF MY COMMUNITY HAS A HOA, WHY DO WE NEED A COMMUNITY ASSOCIATION MANAGEMENT COMPANY?

Your HOA board is comprised of volunteers who are responsible for handling assets worth millions of dollars—the combined value of homes and common area in your community. They are ultimately responsible for all the decisions that affect the community.

However, skilled professional community association management companies provide invaluable insight and guidance pertaining to complex issues including asset management, financial oversight, legal requirements, and navigating the Davis-Stirling Common Interest Development Act, the state Civil Code that governs condominium, cooperative, and planned unit development communities in California. Community management companies also have extensive experience handling tricky communications such as issuing warning notices and imposing fines for residents who break the rules. Working with a management company relieves administrative duties and helps protect the association from liability.



WHY IS PROPERTY MANAGEMENT GOOD FOR YOUR HOME VALUE?

While there is no legal requirement for a community to have a homeowners association, communities that are not in an association can have issues that cause property values to sink fast. Homes in disrepair, unconventional design choices, badly-maintained landscaping, abandoned cars in driveways... these issues all drive property values down. By living in a homeowners association, you and your neighbors have a reliable mechanism to encourage residents to maintain attractive homes that benefit everyone.

Even with an enthusiastic and well-meaning HOA, handling the many complicated aspects of property management places an undue burden on members of the board, which can lead to frustration and quick burnout. HOA board members are volunteers and may not be experts on the nuances of effectively running a corporation with strict legal oversight. As board members are replaced over time, the institutional knowledge they have individually gained disappears with them, requiring many boards to start again from scratch.

CAN WE JUST MANAGE OUR NEIGHBORHOODS OURSELVES?

While it is possible to provide effective guidance for your community without the aid of a property management company, we wouldn't recommend it due to the complex legal requirements and specific knowledge required to properly manage the day to day operations in a homeowners association.



SO, WHAT DOES A PROPERTY MANAGER DO, EXACTLY?

Property management companies provide both on-site community management services and behind-the-scenes duties that increase the home values in your community and protect your HOA from liability. A management company also allows your HOA to offload legal responsibility onto experts with years of effective community management experience.

Here are some of the core duties most management companies provide:

FINANCIAL MANAGEMENT

Your property manager handles the big-picture and day-to-day financial responsibilities that help grow your investment through careful management of community funds and fiduciary responsibilities. These include:

- Fiduciary accounting expertise
- Managing the general ledger
- Budget advice and first draft completion
- Escrow services
- Accounts payable & receivable

VENDOR & PROJECT ADVICE

Your property management company will save your association from headaches and wasted revenue by helping your board find the most appropriate vendors and keeping your projects on track. In addition to providing advice on project expenditures, your property management company will vet vendors for appropriate licenses and insurance coverage. Your management company will also manage vendors to ensure that they are providing excellent service to your community.



ON-SITE COMMUNITY MANAGEMENT

An effective property management company helps communities fulfill their potential as pleasant places to live. This includes building community spirit and buffering the relationship between residents and the board. Some of these day-to-day community management tasks include:

- Enforcing community rules, including aesthetics and conduct in common areas
- Listening to upset residents and providing guidance for next steps
- Building community spirit by suggesting and organizing events

OPERATIONS ASSISTANCE

Many operational details are not just issues of organization; they are required by law. A property management company can assist in managing the logistical details required of the HOA so board members aren't overwhelmed. This includes:

- Preparing information for monthly board meetings
- Keeping the record of actions at Board of Directors meetings
- Making sure the board is properly advised regarding business issues
- Providing liability guidance and recommendations as to when to involve legal counsel
- Generating legal communications such as the community's audit mailer, reserve study and budget mail-out
- Ensuring that the association is certified by the Secretary of State
- Providing multiple ways for residents to communicate with the board, including an online presence

Though every community has the right to manage themselves in whatever way they please, to do so places the community at risk financially and legally. By working with a property management company, you can rest assured that are doing everything in your power to preserve your investment for years to come.



HOW DO I SUBMIT REPAIR & MAINTENANCE REQUESTS?

Part of ensuring that the community looks attractive is to address maintenance requests right away, so your management company assumes the role of facilitating communication between residents and the HOA board of directors to help the repairs process proceed smoothly.

Though most management companies conduct regular inspections, on-site residents can catch maintenance issues right away and help accelerate the process by reporting these needs immediately. This helps minimize interruptions and down time in common areas.

Here are some important tips to help you address maintenance needs quickly and effectively.

UNDERSTAND WHAT CONSTITUTES A MAINTENANCE REQUEST

Your community has separate guidelines for repair requests and requests for community improvements. Repair and maintenance requests are in place to handle aging or broken features of common areas that are part of the existing structure, like broken sprinklers or burnt out light bulbs. Requests for changes that involve adding, modifying or remodeling structures or landscape qualify as a “improvements” and are handled with separate provisions as laid out by your community’s rules & regulations.



KEEP YOUR CONTACT LIST UPDATED

Keep a list of your community's current contact information handy and use the correct contact for your issue. Most community websites list current contact information, as do common spaces and community newsletters.

Management companies want to make it easy for you to submit maintenance requests right away, so they generally offer multiple ways to get in touch. For communities with an on-site community management office, stop by during office hours and speak with the property manager. Other methods include calling by phone, submitting a request online through the member portal of your community or management company's website, or through direct email to your community manager.

KNOW WHEN TO EXPECT A RESPONSE

Property managers should respond to non-emergency issues within 24 hours of your work order request. However, most community management companies have an emergency or after-hours phone number, which should be used for issues that threaten property or life. Managers should respond to emergency requests—such as an uncontrolled sprinkler leak or fountain or pool overflow—within 15 to 20 minutes. For any emergency that presents an immediate danger to residents, call 911 before contacting your management company. Never use the emergency contact channels for non-emergency issues.



PROVIDE FEEDBACK AFTER YOUR REQUEST HAS BEEN HANDLED

Let your property managers know how they're doing. By sharing both positive and negative feedback you help your property manager understand which maintenance request processes are benefitting residents and which could use improvement. Don't restrict your feedback to purely negative complaints. Letting your property manager know when they have done a good job boosts confidence and morale.

Additional tips for submitting a successful maintenance request:

- Leave specific info about the location and description of the maintenance request. Submit pictures so your manager can quickly assess the nature of the issue.
- Share your contact information so your community manager can let you know that your request was received and ask additional questions if needed.
- Don't try to fix anything yourself. Even minor repairs can present huge liability issues for your community association. If you have special skills that might benefit your community, put them to work by volunteering to serve on a committee that oversees maintenance and repairs.
- When in doubt, submit a request. If you're not sure if it's a city, resident or HOA responsibility, submit your request anyway. Your community management company will direct the request to the appropriate party.
- Be patient. Typical items generally require about two weeks to resolve. Higher-cost repair requests must be submitted to the community association management board, under the provisions set forth in your community's governing documents and this process may take some time. Your management company will work hard to accelerate the process within the guidelines set forth by your community.
- Follow up if you are interested in a project's progress. Call your community management company and ask for a quick update and an expected start or completion date. They will be glad to share the status of pending repairs.

ENJOY YOUR COMMUNITY!

Community association management is designed to bring key benefits to homeowners. Before you decide to purchase a property in a neighborhood governed by an HOA, we recommend looking closely at the rules, requirements and expectations set out in the association's governing documents. If you find that these guidelines are acceptable to you, joining a community association can be one of the most beneficial choices you can make as a homeowner.

DO YOU HAVE ANY OTHER QUESTIONS REGARDING COMMUNITY ASSOCIATION MANAGEMENT?

PLEASE CALL US AT (949) 833-2600 TO SPEAK WITH OUR TEAM OF COMMUNITY ASSOCIATION PROFESSIONALS.

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