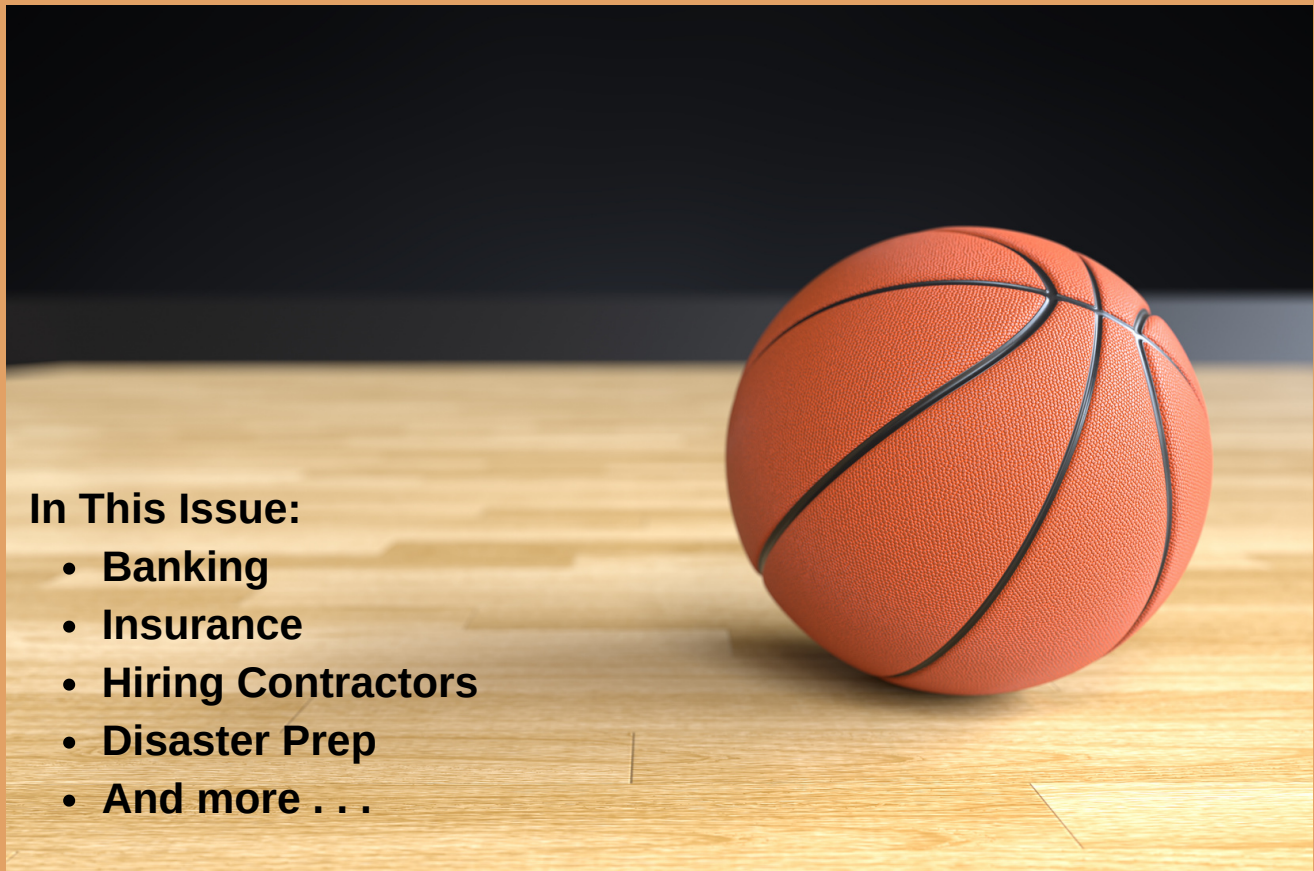


Quarterly Magazine for
Community Associations Institute KY
Tips and Tricks for Successful Communities

THE NEIGHBORLY



In This Issue:

- **Banking**
- **Insurance**
- **Hiring Contractors**
- **Disaster Prep**
- **And more . . .**

NOTHING BUT 3-POINTERS



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CAI Kentucky CAI is a chapter of an international membership organization dedicated to building better communities.

We believe homeowner and condominium associations should strive to exceed the expectations of their residents. We work toward this goal by identifying and meeting the evolving needs of the professionals and volunteers who serve associations, by being a trusted forum for the collaborative exchange of knowledge and information, and by helping our members learn, achieve and excel.

events

FEBRUARY 17, 2022

Almost Free Legal Advice
11:30a-12:30p

APRIL 21, 2022

Spring Into the Outdoors
11:30a-1:00p

JUNE 16, 2022

Ask the Management Company Experts
11:30a-1:00p

SEPTEMBER 29, 2022

Bingo, Boards & Business Partners Showcase
4:00p-7:00p

October 20, 2022

National Community Association Advocacy
11:30a-1:00p

December 15, 2022

Holiday Luncheon & Annual Meeting
11:30a-1:00p

*Additional events may be added

letter from the president

WRITTEN BY JILL ROBINSON
PUROFIRST



Hi everyone -

I'm humbled to serve as your president for the 2022 year. CAI Kentucky is a fun organization and we can't wait to have fun with you this year, while we provide education and networking opportunities for you to learn how to help your associations, whether you're a CAM, a volunteer or a Business Partner.

Our Board has been hard at work planning our programs for the year, but we can always use help from our members. One of our major initiatives this year is to recruit 3-5 members to each committee - Membership, Programs, and our Business Showcase Committee. Full committees mean that we are able to hear the ideas and diverse needs from our members and ensures that we offer you a robust program.

Speaking of the Business Showcase, we are very excited about that for this year. It's not going to be your normal Trade Show! This year, it's more like a party and we're calling it BINGO, Boards and Business Showcase. It's going to be held at Happy Hour time (4p-7p) on September 29. More to follow on that.

We can't wait to see you at our next event on April 21.

In the meantime, in the spirit of the Final Four tourney, hope you enjoy this issue, which is nothing but 3-pointers; three tips from our sponsors about their area of expertise.

Many thanks,

Jill

As an additional sponsor benefit, click on each sponsor's ad to be taken to their website and learn more about their company.

Articles in this publication are courtesy of individual and company contributors and are independent views of that company.

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Click their logo to go to their website.





3-POINTERS ABOUT CONDO LIVING: OWNER RESPONSIBILITIES

WRITTEN BY: BLUE ARROW PROPERTY MANAGEMENT

Many people choose condo living to minimize their maintenance responsibilities; however, condos are not maintenance free, and you should know what you are and aren't responsible for.

Read the Master Deed

The Master Deed is usually the governing document that distinguishes what is the associations responsibility versus the owner's responsibility. Some items are easier to distinguish, like interior fixtures and décor are owners' responsibility while the roof and siding/brick is typically the associations responsibility. Other items like windows, doors, and patios can be handled differently depending on the Master Deed, so make sure to read up before buying to know your responsibilities.

Don't Make Changes without Approval

Each community is unique in its layout and common areas, but one thing that almost all associations have in common is the requirement to

request approval before making any changes to the exterior. Even if you are responsible for the upkeep and maintenance of an exterior area like a patio or deck, you usually are unable to make any changes to these areas without board approval. Make sure you know what's required and follow the rules to ensure a smoother application process.

Owner Required Maintenance

Be prepared to keep your responsibilities well maintained. If the governing documents of your community state you are responsible for your windows, fences, etc., the association can usually require that they are well kept. If not, the association can usually require that they are well kept. If not, the association typically has the authority to fine or in certain cases they can get the item repaired and bill it back to the unit owner.

Condos can be a wonderful living arrangement for many people and offer lots of benefits, but you should know your responsibilities before moving in to avoid any surprises down the road.



3-POINTERS ABOUT RESERVE STUDIES:

How Can a Reserve Study Benefit Your Community

WRITTEN BY: RESERVE ADVISORS

Develop a Financial Plan to Complete Maintenance in a Timely Manner: A reserve study provides Boards with a financial road map to take on repairs and replacements in a timely manner before the conditions become critical.

Make Informed Financial Decisions: A reserve study provides an independent opinion of the remaining useful lives of the Association-maintained components and the costs to repair or replace those components. This information arms Board members with the knowledge to make inform

—ed decisions that maintain the investment of their unit owners.'

Partner with a Firm with 30+ Years of Capital Planning Experience: Experienced engineers welcome the opportunity to consult with Board members, unit owners and property managers to understand the unique needs of each community, prioritize projects and provide capital planning education.



Our mission is to change the reputation of Association Management by setting new standards.

We help numerous associations in a multitude of different communities, manage many of the day-to-day tasks associated with running an efficient and effective association. These tasks include, among others, dealing with vendors, finances, budgeting, rule enforcement, and owner concerns.

Blue Arrow Property Management values communication and reliability. We believe these are the keys to getting outstanding results, both for our clients and us.

We are locally owned, managed & we would love to meet with you virtually or in person to discuss your management needs.

Call or email us today!
(502) 901-9600 – Sparrish@BlueArrowPM.com





3-POINTERS ABOUT LENDING: MOVE IN THE RIGHT DIRECTION WITH ASSOCIATION LENDING SOLUTIONS

WRITTEN BY: TRUIST

You know where you would like your association to go, but you may not know the next steps to take. Here are three things to know when looking for a way to keep up with your community association needs without depleting your association reserves.

Look for a loan with flexible terms

- Flexible repayment terms
- For special assessment financing, term of loan is matched to term of the collection
- During construction and large repair projects, interest-only payments may be permitted until the project is complete, followed by regular installment payments

- A revolving line of credit may be used to provide financial flexibility for emergency or short-term needs
- Simple interest installment loans to finance hazard and flood insurance premiums

Consider the collateral that is needed for a loan

- No mortgages on individual units or common areas
- Association assigns assessments and lien rights of the community association as collateral for the loan
- The pledge of the collateral does not affect the daily operation of the association; units may be

ASSOCIATION LENDING SOLUTIONS CONTINUED

bought or sold

- No personal guarantees
- The bank may lend money based solely on the association's operating budget
- The association may have the ability to pledge a certificate of deposit as collateral

Know the factors reviewed for a loan request:

- Delinquency rate
- Financial condition of the association
- Operating budget
- Balance sheet and income statement
- Reserve accounts
- Number of rentals
- Value of unit and age of complex
- Management stability
- Recorded governing documents
- Board minutes

Look for a bank that can customize a flexible financing program that will enable you to maintain a comfortable monthly payment for all unit owners, while immediately completing important projects.

All loans subject to credit approval. Truist Bank, Member FDIC and Equal Housing Lender. © 2022 Truist Financial Corporation

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3-POINTERS ABOUT INSURANCE:

Stop the Madness - Insure Your Association with No Gaps!

WRITTEN BY: MCDANIEL INSURANCE

Cover your courts...and pools, entryways, and garages.

No two associations are the same. Many have unique amenities and may need to have coverage reviewed to make sure all assets are protected.

Make sure your team is insured!

Broad coverage Directors & Officers and Crime coverage can help protect the personal assets of directors, officers, and volunteers. There are customized policies designed exclusively for Community Association Risks.

After a busted bracket, are you looking for extra protection?

An umbrella policy may be the extra protection your association needs to extend coverage over General Liability, Directors and Officers, and auto.

PARAGON MANAGEMENT GROUP

Paragon Management Group, AAMC specializes in Community Association Management in the Kentucky and Southern Indiana areas. We are a consistent leader in the management of condominiums, single family, master-planned communities and mixed use homeowner associations. Our professional staff are here to assist with all facets of management and the challenges associations face in today's environment. Our services are based upon the best practices within the community association management industry.



ASSOCIATION MANAGEMENT SERVICES

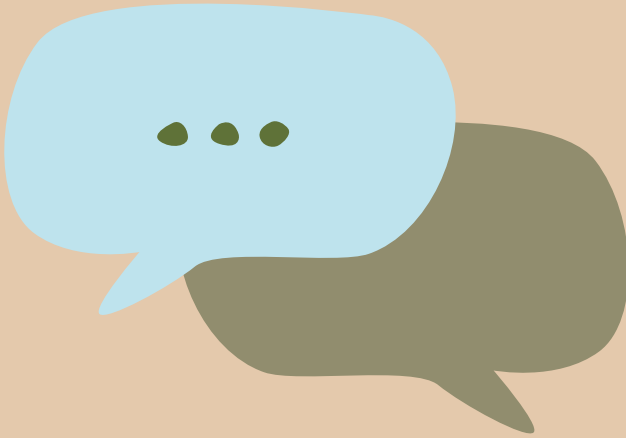
From governance, accounting, and association management services, to leading community management concepts and interactive web services, we provide a complete and unparalleled solution for our clients.

Find out why our clients have chosen Paragon Management Group by calling or visiting our website today!

Paragon Management Group
5151 Jefferson Blvd. Suite 102
Louisville, KY 40219
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WWW.PARAGONKY.COM



3-POINTERS ABOUT ASSOCIATION MANAGEMENT

WRITTEN BY CMA KY

Property Condition Assessment

Spring is a great time to assess the condition of your property and landscaping after the winter. Preparing a maintenance repair list now, gives you the ability to be sure needed maintenance is completed during the maintenance season. Material lead times are longer and contractor schedules can be filled for months, so getting your maintenance program scheduled in spring will ensure it is completed this year.

Establish a Formal Communication Vehicle

At one time, the rule was; “if you do not have anything good to say, keep your mouth shut.” In today’s world of social media, that adage has been forgotten. There are way too many communication methods available to owners to post negative comments about your association and not enough time to engage in the discussion. Our advice is to establish a single formal communication vehicle that is private and refrain from responding to all other methods of communication. From your private

formal communication vehicle frequently remind owners that posting negative comments in other public forums does nothing but hurt their own property values.

Start a Five-Year Financial Plan

A five-year financial plan is a great way to educate and communicate to owners the financial needs facing their association. Start by putting together a list of projects with estimated costs and schedule the projects over a five-year period. Next, add your projected association’s operating expenses over the same five-year period. Based on this financial plan Boards’ can project the levels of assessment increases required to fund the projects and operations. Communicating the five-year financial plan with your owners every year educates your owners on what is required to maintain your association and eliminates surprises.

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Click on their logo to go to their website.

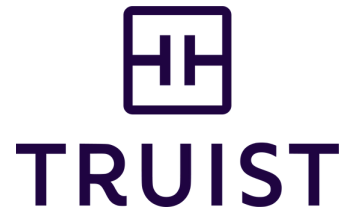


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CAIKY - 2022 Bronze Sponsors





3-POINTERS ABOUT INSURANCE: COVERAGES FOR HOAS AND CONDOS

WRITTEN BY: SHEPHERD INSURANCE

Employee Dishonesty/Fidelity Coverage

The Associations should carry a limit of coverage equal to 100% of the Reserve Fund plus 3 months maintenance fees. If the Association has an Independent Property Management Firm, the contract with the Management Firm should require the Management Firm to carry adequate Employee Dishonesty/Fidelity Coverage and provide Third Party Coverage so the Association's financial assets are covered. You might ask why the Association needs the coverage if the Management Firm carries the coverage. If the Management Firm has the coverage, it is only covering embezzlement of your funds by their

employees. What if a Board Member embezzles from the Association? That's when the Association needs their own coverage.

Loss Assessment Coverage (LAC)

Boards should on an annual basis advise their members to purchase this coverage on their Unit Owner's HO6 policy. What does this cover? When the Association has a Property or Liability Loss and there is not adequate insurance or funds in the treasury, the Association can do an Assessment to the Unit Owner's. If your insurance company has a good policy form, you submit the Assessment to your insurance company, and they will pay the

INSURANCE COVERAGES FOR HOAS AND CONDOS CONT'D

Assessment as long as the Assessment is for a covered peril. Make sure the LAC covers Earthquake and Assessments resulting from Insurance Deductibles. Many insurance companies will exclude these two items from their policy.

Directors & Officers Liability

The biggest exposure a Condominium or HOA have is a non-monetary lawsuit. These make up 90% of all D&O claims in Associations and most insurance companies don't cover non-monetary lawsuits. A non-monetary lawsuit is a lawsuit that is not seeking monetary damages but is asking the court for injunctive relief. The lawsuit is requesting the court order the Association to operate under the guidelines of the governing documents or arguing that the Board allowed one person to do something not allowed in the governing document, therefore they should be allowed the same accommodation. These can be situations where detached structures are not allowed and one owner, without the Board's permission, builds a detached structure, or allows one family to have a basketball goal and not allow another owner the same right. It could be a unit owner in a condo who might enclose their patio for privacy without asking the Board's permission and the Board doesn't make them take it down. Then another owner asks the Board for the permission to do the same and is denied permission and files a lawsuit. Then a lawsuit occurs against the Association because someone wants the right or privilege to do something.



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7 DAYS A WEEK
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3-POINTERS ABOUT HIRING: HOW TO ENSURE THAT THE ASSOCIATION IS PROTECTED WHEN HIRING A CONTRACTOR

WRITTEN BY: PARAGON

Scope of Work

Make sure you have created a scope of work from which all contractors will use when bidding on a particular project. This ranges from the basics (work being performed, materials used, equipment, duration, frequency, cost) to contract provisions and renewal costs (i.e. 3% increase per year). Once contractor is chosen, require any work be put into writing in the form of an estimate or a contract that is then reviewed and signed prior to taking place. This prevents discrepancies between your association and the contractor. It is also recommended that you have scope of work documents and contracts reviewed by your association's attorney, especially for large or costly service/projects.

Bid it Out

Get three bids and select the bid that gives you the greatest value! When choosing a vendor to hire, many boards make the mistake of automatically choosing the lowest bid. It's important to save money, but look for more than the lowest price, including such factors as reputation, quality of service and ability to work well with your board and community to avoid conflicts or shoddy workmanship that require time and money to resolve.

documents and contracts reviewed by your association's attorney, especially for large or costly service/projects.

Coverage

Require your vendors provide proof of being licensed and bonded to ensure they are properly qualified. Also verify they are adequately covered by general liability and workman's compensation coverage. While some states like Kentucky do not require self-employed or sole proprietors to carry workmen's compensation, HOAs should always require this coverage by all contractors they do work with.



3-POINTERS ABOUT ROOFING: HOW TO READ YOUR ROOF

WRITTEN BY: DUNN ROOFING

Asphalt shingles prevail in America

Four out of five homes in the United States are roofed with asphalt shingles, making them the leading choice for residential roofing. It's not surprising when you consider their many advantages. Asphalt shingles offer the broadest array of colors, shapes and textures available—and they do it affordably. They also perform well in a wide range of climate conditions.

Aging is Natural

It is natural for your roof to age. The process begins as soon as your shingles are installed—and exposed to the harsh elements of nature. Heat, pollution, hail, snow loads, wind, trees and people walking on your roof contribute to the natural aging process.

Roofing Problems

How can you tell if your roof has issues? Common signs your roof is getting old are curling shingles, surface cracking, blisters, algae stains, leaking water, granule loss and missing shingles. If you notice any of these issues or your roof is over 15 years, a professional contractor should be called to do a roofing inspection.



3-POINTERS ABOUT CHOOSING A CONTRACTOR

WRITTEN BY CONTRACTORS INC

There is a lot to consider when choosing a General Contractor. Much rides on the decision considering you are trusting them with your multi-million-dollar asset. For CAI Members, there are not a lot of contractors out there who necessarily specialize or understand the specific needs of HOA and condos. You and your board of directors will get together to look at specific proposals for value-add projects, you will do your due-diligence to make sure that the scope of work is an apples-to-apples comparison, you will also look at the warranty information to make sure that the work is guaranteed by the contractor. There are three areas that may not be spelled out in each proposal that will directly affect quality of the work performed and how you feel throughout the production process.

Who are we going to be working with on a day-to-day basis?

When choosing your contractor, it is important to know if they are using sub-contractor labor, and if so, who is managing these crews. Does this contractor have a single point of accountability for your project? You will find that the production process will run much smoother, and you will have much more confidence if you have a good relationship with the person who is managing your project. On that note, one consistent complaint is how hard it is to get ahold of the contractor to get progress reports on your projects. Choosing a contractor that uses digital communication tools will help with your peace of mind.

Does the Financial strength match up?

Sometimes choosing a smaller contractor sounds great on paper, but ultimately doesn't make sense

for the project size. If they do not have the financial backing or history to support a large project, you can find yourself in mired in production problems, or worse yet; abandoned altogether. Material being put on pause, or sub-contractor labor pulling off a job because the GC doesn't have the financial capacity to keep up with payroll can be a nightmare for you. It is important to do your due diligence when choosing your contractor and know that they have the financial strength to complete your project. Ask for case studies or references to know the sizes of jobs they have been able to take on.

Is this the right contractor from start to finish?

The homes that you live in are an investment. Contractors that work in multi-family and commercial properties may not understand the personal side of the investment that you have made as a part of an HOA. When choosing your contractor, I recommend that you look to work with a company that has a forward-thinking mindset. They don't want to cut corners because this is not just a financial investment, this is your home and your community. They embrace technology not just in the way they communicate but also in ways that help you get the most bang for your buck.

At the end of the day, the idea is for you to work with a contractor that understands the specific needs and demands of an HOA community. When proposals are being presented to you, ask questions outside of what might pertain to this specific project. Seek to understand the values and ideals of the vendors that you choose. And as always, with all else being equal, look to building relationships with the contractor members of the CAI.



3-POINTERS ABOUT YOUR DOCUMENTS: Ensuring You Do Not Run A Foul of Your Governing Documents

WRITTEN BY: HEBEL & HORNING, P.S.C.

Be sure to review your governing documents on a regular basis . . .

and especially any time an issue arises. Do not assume you remember what the governing documents stated from the last time you reviewed them.

Be sure to follow your governing documents consistently

By doing so, it will help prevent owners and/or their attorneys from raising defenses such as selective enforcement, arbitrary enforcement, waiver, etc. If you are not following the governing documents then be sure to amend them to what is actually being done in your community.

Be sure to obtain a legal opinion that the Board can rely upon

The governing documents may not be crystal clear on certain issues and/or situations. As such, it is best to spend some money in the beginning instead of spending a lot more money later defending a lawsuit.



3-POINTERS ABOUT WEATHER: WHAT CAN YOU DO TO PREPARE FOR SEVERE SPRING STORMS?

WRITTEN BY PUROFIRST DISASTER SERVICES

We can't change the weather, but we can prepare ourselves to better handle it when it comes.

Prepare an Emergency Kit

In case of spring storm emergencies, it's a good idea to have an emergency kit ready in your home. Include in your kit non-perishable foods and water bottles to last 3-5 days minimum, important prescription and non-prescription medicines, and first aid supplies. Blankets and warm clothes, along with personal hygiene products are also recommended. If you have a pet, make sure you have a spring storm emergency kit prepared for them as well. You should also have a working fire extinguisher handy.

Create a Disaster Preparedness Plan

Create a disaster plan. Establish an outside meeting place and escape routes from each room in your home. Also, practice the plan with family members. Include your pets in the plan and make sure they wear an ID tag. Make sure

they wear an ID tag. Make sure you and your family know how to turn off utilities and how to use a fire extinguisher.

Review Insurance Coverage

When you're planning ahead for spring storm preparedness, be sure to review your insurance coverage with your agent and make sure you understand what's covered and what isn't. It's generally a good idea to obtain flood insurance, which isn't included in standard homeowners' policies. But don't wait – flood insurance policies take 30 days to go into effect.

Take a home inventory in case you need to file an insurance claim. Also, secure critical information, such as documents, personal numbers, and insurance policies in a waterproof container. After a spring storm passes, take note of any damage to your home so you can follow up with insurance companies who may need proof of spring storm damage. This includes photographing anything that was damaged such as broken windows, fallen trees/branches, etc



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