

# Association Questions

## FREQUENTLY ASKED QUESTIONS ABOUT YOUR COMMUNITY ASSOCIATION

### WHAT IS A COMMUNITY ASSOCIATION?

A Community Association is a not-for-profit corporation that has been established by a Declarant (typically the developer of the Community). The Declarant builds amenities and formulates a plan for the development that will enhance the appearance of the Community. Your home and the neighborhood presentation are reasons you chose to live here. The Community Association is responsible for the maintenance and upkeep of these amenities and the common areas, which include the landscaping. Your association exists for the sole benefit of its members, the homeowners in the Community. Through its governing documents, the Association administers the organization, provides for maintenance of its common areas, maintains insurance of both property (within the common area) and liability, and facilitates the covenant management – a key to protecting home values in your Community.

### WHO MANAGES AND ORGANIZES THE ASSOCIATION?

The Board of Directors is ultimately responsible for managing and operating the affairs of the Association. Initially, the Declarant appoints all members of the Board. Fieldstone Association Management (“FAM”) has been contracted to assist the Board in managing the operations of the Association. Homeowners are elected to serve as Board members at the time stated in the By-Laws of your Association. Prior to that time, Fieldstone has been selected to work with the Board of Directors in carrying out the responsibilities of the association, including attending homeowner meetings on behalf of the Board.

### WHAT LEGAL DOCUMENTS ESTABLISH THE ASSOCIATION?

The Declaration of Protective Covenants and the By-Laws establish the Association as a not-for-profit organization. Each home is subjected to these covenants and bylaws once legally recorded. Each homeowner is subject to these covenants and hopefully had the opportunity to request, prior to closing, copies of these legally recorded documents.

### WHAT PROFESSIONAL MANAGEMENT SERVICES ARE PROVIDED BY FIELDSTONE ASSOCIATION MANAGEMENT?

There are 3 general areas of services provided by Fieldstone - fiscal, physical and administrative that include, **in part:**

1. Bill and collect monies due the Association and post in financial books all monies received.
2. Process delinquent accounts.
3. Determine accuracy and legitimacy of all invoices for services and goods delivered to the Association.
4. Schedule and make payments of such accounts and keep records of all such transactions.
5. Establish and maintain Association bank account.
6. Prepare an annual cash flow budget.
7. Place and keep in force necessary insurance as required by the covenants.

8. Solicit bids and negotiate contracts for services and work desired by the Association relating to common areas.
9. Prepare periodic financial statements.
10. Attend Association meetings.

## **WHAT ARE THE PROCEDURES FOR REQUESTING REVIEW OF A PROPOSED ARCHITECTURAL CHANGE?**

Prior to closing, most homeowners hopefully read the Declaration of Covenants, By-laws, as well as the guidelines for the community. All proposed changes must be submitted, in writing, to the Manager or Covenants Committee of the Community. If a Covenants Committee has not yet been established in the Community, this submission must go to the Management Company. When a modification request is received, the Board's designee will review the request in light of the Covenants and Guidelines governing the Association. The requests may fall into one of four categories:

1. It may be a routine approval under the established guidelines; in which case the Manager will recommend approval and forward copy of approval to the Board of Directors.
2. If a submittal is inconsistent with the Covenants and Community Guidelines, the Manager shall recommend disapproval. Any formal complaints received in response to a denial will be directed to the Board of Directors.
3. It may be approved if minor changes are made to the submitted plans. For example, a fence may be acceptable in color, style and height, but its positioning on the lot may not be appropriate. The Manager will recommend approval conditional with alterations to the original plans, if conforming to the intent of the Community Guidelines, then forward to the Board of Directors to confirm.
4. Finally, the submittal may fall into an area that requires the Manager to make a decision based on the overall Community standard which has been established. For example, structures not specifically addressed in the Covenants and Community Guidelines, but subject to approval, such as rock retaining walls, would fall into this category. In these cases, the Manager would forward their recommendation to the Board of Directors for review. If there is not adequate information to approve the application, a meeting may be called. The Board of Directors will be asked to review any unusual requests.

If there is a dispute as to whether a modification request should be approved, the Board of Directors will be asked to make the final judgment. Managers are obligated to make fair and reasonable decisions that are in compliance with the Covenants. In the event a decision is challenged, sound reasons for the final decision must be provided, even in cases where the decision is purely subjective.

## **ARE THERE SET GUIDELINES FOR WHAT MAY OR MAY NOT BE ACCEPTABLE?**

Yes. The primary responsibility of the Manager is to assist the Board in discharging the association's responsibilities. Good judgment and reasonableness should be exercised. External changes may affect the value of the Community as a whole, and great care is taken to ensure compliance with the Covenants and to maintain appropriate Community standards. In all cases, the final decision rests with the Board of Directors.

## **HOW CAN RESIDENTS BECOME INVOLVED OR VOICE OPINIONS?**

Any homeowner wishing to voice an opinion on an issue should do so to their Manager. The Board looks to the Manager for guidance.

## **HOW IS THE ANNUAL ASSESSMENT ESTABLISHED AND DOES EVERYONE HAVE TO PAY?**

The association's annual assessment is determined by the Board of Directors. Payments are made annually or in a manner that is determined by the Board. The Community Association documents provide that each homeowner pay the costs necessary to carry out the services and obligations of the Association. The Association's obligations

typically include such items as landscape maintenance, insurance, administrative expenses, taxes, utilities, pool maintenance, and other similar Community expenses for the common areas.

### **WHAT DOES THE ANNUAL/MONTHLY ASSESSMENT COVER?**

Assessments are used to promote the recreation, health and welfare of residents in the Community. Particularly, they are used for the maintenance of the common property, amenity areas, easements, and services defined in the covenants. The covenants require the board to prepare a budget each year and the budget is available upon request and is provided annually, or as required in the covenants.

### **WHAT IF WE WANT TO ADD ADDITIONAL SERVICES AND/OR AMENITIES TO OUR NEIGHBORHOOD?**

Any capital improvement request for items not originally designed, constructed or not included in the Association's budget should include an estimate of cost and a recommendation for funding. If the improvement has not been included in the current year budget, a special assessment or assessment increase for the following year may be necessary. The Board of Directors will consider each request on an individual basis based on the overall interest of the entire Community and the financial status of the Association.

### **CAN THE ASSESSMENT OF THE ASSOCIATION BE CHANGED?**

While Association expenses are affected by cost of living increases, other factors also contribute to the costs of operating the Association. For example, Associations must use utilities and, like other businesses, are affected by utility rate increases. Assessments may change to reflect increases in costs, services and the annexation of additional common areas.

Each Community association operates on a calendar year. Typically, budgets for the following year are presented by the management company to the Board of Directors for approval no later than November 1<sup>st</sup>. Budget areas such as utilities, insurance, taxes, and services, are usually based on the current year's expenses and anticipated increases for the following year.

Areas such as landscape and pool contracts are based on the contracted amounts gathered from the bids that are generally solicited in August for the following year. The Manager provides input into the contractor selection. Manager may also be aware of any potential needs for repairs and/or maintenance for the coming year and request that these funds be placed in the budget as well.

Managers may request services and expenditures not included in the association's budget. The Board will consider the request based on anticipated need of the association, projected growth of the Community and cost. The Manager will be requested to provide the recommendations for funding their request, which may require an increase in the annual assessment or a Special Assessment.

### **ARE THERE DELINQUENCY PROCEDURES FOR LATE ASSESSMENT FEES?**

Yes. Typically, any assessment not paid when due is delinquent. If not paid within ten (10) days after due date, the assessment may accrue interest from the date of delinquency at a rate outlined in the Covenants, and the Association may bring legal action against the owner to pay the amount due or, in the extreme cases, may initiate foreclosure proceedings on the property. Typically, the following procedures are followed for assessment collections:

1. The annual assessment may be payable in one payment or multiple payments as determined for each Association.
2. All documents, correspondence and notices relating to the charge shall be mailed to the address that appears on the books of the Association, or as modified in writing by lot or unit owner.
3. Non-receipt of a bill shall in no way relieve the owner of the obligation to pay the amount due by due date.
4. The collection time frame adopted by the Board is outlined in the following:

Day 1 - Assessment due  
Day 15 - Payment grace period ended  
Day 16 - Late notice mailed  
Day 30 - Move to accelerate payment and file lien

### **WHAT ACCOUNTING PROCEDURES ARE USED FOR THE ASSOCIATION?**

Associations typically use cash basis accounting. The management company is responsible for collecting assessments and making payments on behalf of the association. There is no carryover of funds in a particular budget from one year to the next. An annual budget is established for the Association each year.

### **WHO IS RESPONSIBLE FOR OBTAINING INSURANCE?**

Fieldstone Association Management assist the board of Directors in obtaining the necessary insurance for the common areas and for liability as required in the Covenants.

### **WHEN WILL THE HOMEOWNER'S ASSUME CONTROL OF THE ASSOCIATION?**

The Covenants provide that the first homeowner-elected board will occur after the last home has been sold. The Board will determine the Date, Place & Time and Fieldstone will send out an announcement to the Homeowners. The board and the board of Directors in obtaining the necessary insurance for the common areas and for liability as required in the Covenants.

### **HOW DO I REPORT A MAINTENANCE ITEM?**

All Community Associations are responsible for the maintenance and upkeep of the recreation facility and other amenity areas. The Board of Directors are required to keep the facilities maintained and is responsible for paying for maintenance and upkeep of the common areas, such as entrances, sub-entrances, retention ponds, easements, pool, clubhouse, and greenbelt areas. The manager completes an Inspection form on a quarterly basis to identify maintenance needs.

To better serve the Community and provide more timely responses to maintenance requests, all recreational facility and common area maintenance requests should be made through the assigned Association Manager. When the Manager receives your written work order or E-mail, it will be assigned to the appropriate entity for completion. The work orders will be logged into our program allowing us to track items until the vendor has notified us that the work order has been completed. If the requested maintenance work is determined to be warranty, the Association will not be billed. All other expenses incurred in completing the Work Order are the responsibility of the Association.

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