

THE HEARTBEAT

FALL 2023



Celebrate
Good Neighbor Day
with CAI

See page 20.



Fall 2023

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President’s Letter

By: Jim Ruebsam, EBP, CIRMS

As someone who attends Board and Owners meetings regularly, I get a peek “behind the curtain” at how neighborhoods thrive—or remain mired in dysfunction. Within the past few weeks, I’ve been impressed with how certain Boards have worked to create a sense of community that goes beyond the business management of the association. Conversely, I’ve also witnessed infighting, a lack of decorum, and broken lines of communication so severe that some neighbors are moving to escape the misery.

While I’m no expert in conflict resolution or sound community governance, I’m using this pulpit to provide some tips I’ve picked up while watching the good, the bad, and the ugly at association meetings.

Jim’s Top 5 Signs of Well-Functioning Community Board...In No Particular Order

1. **Open Communication.** Board members create an open dialogue with the community through multiple means of communication. This usually includes social media, email, newsletters, and in-person events.
2. **Agenda-driven.** Trustees stick to agendas at meetings and address conflict in a more private setting.
3. **Timely Meetings.** Meetings do not last longer than an hour (perhaps, 1.5 hours for major issues)—time-consuming details are left to committees to tackle, and attendees are not allowed take everyone hostage with their “airing of the grievances”.
4. **Increase Revenue.** Dues are increased to keep up with inflation and address the unique needs of the community. Boards who are elected to “keep dues low” will ultimately fail or leave major issues for future trustees.
5. **Rely on Professionals.** Boards can avoid many issues by hiring professionals who focus on the community association industry. Avoid nepotism or favoritism—use objective criteria when bidding and utilize CAI members.

I’d like to know what well-functioning boards look like to you.

Email me at RuebsamJ@danielandhenry.com to share the good, the bad, and the ugly of your experience with community association management.

Thank you!
Jim Ruebsam, CIRMS, EBP
President, Board of Directors



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This Year's Trade Shows were a Big Success!

Kansas City

St. Louis



Julie Ker, The Smith Management Group, an Associa Company Winner, Jaime Henrickson, Woodard Cleaning & Restoration Sponsor



\$100 Handshake Winners and Sponsors!



Carla Crow, Community Managers Associates Winner, Jim Ruebsam, CIRMS, EBP, Daniel and Henry Co. Sponsor



Courtney Hix, The Smith Management Group, an Associa Company Winner, Diane White, CMCA, Alliance Association Bank Sponsor



Ginger Biondo, The Smith Management Group, an Associa Company Winner, Collin Cox, Cox Pavement Consulting Sponsor



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CD Strong Construction	Pugsley Services
Carmody MacDonald, P.C	PuroClean Emergency Restoration Services
CertaPro Painters of St. Charles/South County/ West County	RCL Engineering Group
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Ferguson Roofing	SOLitude Lake Management
First Citizens Bank	Sandberg Phoenix
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Hansen Tree Service and Environmental Resources	Unique Pool Management
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Imgarten & Associates- American Family Insurance	Water Erosion Specialties & Excavation, Inc.
Maverick Soft Wash	Wintrust Community Advantage
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Upcoming Events

**Insurance Program:
Don't Be the Next Horror Story! in STL**
10/04, 11 a.m.- 1 p.m.

Golf Tournament
10/09 Lake Forest CC

**Happy Hour for a CAI Heartland
Member- Melinda Osborn**
10/11, 4-7 p.m.

Maintenance Round Table in KC
10/12, 11 a.m.-1 p.m.

Legal Symposium in STL
11/01, 1-4 p.m.

CAI Headquarters Advocacy Summit
11/02 in Washington DC



Registration includes:

- Admission to catered Breakfast Briefing
- Bus transportation from The Canopy Hilton - The Wharf to Capitol Hill
- Meetings scheduled with your members of Congress
- Bus transportation from Capitol Hill to Scenic Reception
- Admission to catered Scenic Reception at Cornerstone Headquarters

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JOIN US! OCTOBER 9TH, 2023 FOR THE ANNUAL BILL SUMMERS GOLF TOURNAMENT

REGISTER ONLINE

Golfer Signup Form

BILL SUMMERS ANNUAL GOLF TOURNAMENT

Monday, October 9, 2023

Lake Forest County Club

300 Yard Drive, Lake St. Louis, MO 63367

Registration: 8:30 a.m., Shotgun Start 10 a.m.

ORGANIZATION: _____

CONTACT: _____

ADDRESS: _____

PHONE: _____

EMAIL: _____



GOODIE BAG & ATTENDANCE PRIZE DONATIONS ARE NEEDED!

Please Send Payment to:

CAI Heartland Chapter, PO Box 953, Bridgeton, MO 63044

Credit Card Payments: www.caiheartland.com

Questions? Contact Cathy Roth-Johnson at 314-423-8859 or ced@caiheartland.com

FIRST FOURSOME
\$450 EARLY BIRD IF PAID BY 7/31/2023
\$500 FOR ENTRIES RECEIVED AFTER 8/01/2023

GOLFER #1 _____
GOLFER #2 _____
GOLFER #3 _____
GOLFER #4 _____

SECOND FOURSOME - \$400
GOLFER #1 _____
GOLFER #2 _____
GOLFER #3 _____
GOLFER #4 _____

SINGLE GOLFER - \$125
GOLFER #1 _____
GOLFER #2 _____
GOLFER #3 _____

GIMME PACKAGE A - \$180
SAVE \$30 WHEN YOU PURCHASE IN ADVANCE!

INCLUDES:
(4) MULLIGANS _____
(1) YELLOW BALL TEAM _____
(1) SKIN PER TEAM _____
(4) 50/50 TICKETS _____
(4) RAFFLE TICKETS _____
(4) PUTTING CONTEST _____

GIMME PACKAGE B - \$100
SAVE \$10 WHEN YOU PURCHASE IN ADVANCE!

INCLUDES:
(4) MULLIGANS _____
(1) YELLOW BALL TEAM _____
(1) SKIN PER TEAM _____
(4) PUTTING CONTEST _____

A-LA-CART
50/50 TICKETS (ARMS LENGTH) \$5 EACH X _____
(4) MULLIGANS \$20/TEAM X _____
TICKET (ARMS LENGTH) \$20 EACH X _____
YELLOW BALL \$10/TEAM X _____
SKINS \$30/TEAM X _____

Sponsorship Signup Form

BILL SUMMERS ANNUAL GOLF TOURNAMENT

Monday, October 9, 2023

Lake Forest County Club

300 Yard Drive, Lake St. Louis, MO 63367

Registration: 8:30 a.m., Shotgun Start 10 a.m.

ORGANIZATION: _____

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Credit Card Payments: www.caiheartland.com

Questions? Contact Cathy Roth-Johnson at 314-423-8859 or ced@caiheartland.com

THANK YOU FOR YOUR SUPPORT!
Listed below are several exciting ways for you to participate in helping to make this tournament a continued success! Sponsors for these Events will have their company sign/banner prominently displayed at the Tournament as well as have their names printed on the Main Sponsor sign. You will also receive recognition in the Heartland ChapterCAI newsletter!

- \$250 - LONGEST DRIVE (Hole Signage & Recognition)*
- \$250 - CLOSEST TO THE PIN (Hole Signage & Recognition)*
- \$250 - STRAIGHTEST DRIVE (Hole Signage & Recognition)*
- \$400 - HOLE SPONSORSHIP W/TENT (Hole Signage, Set-up near Tee & Recognition)
- \$450 - PREMIUM HOLE SPONSOR, 4 available (Hole Signage, Set-up near Tee & Recognition)
- \$250 - TEE SPONSORSHIP (Tee Signage & Recognition)
- \$250 - GREEN SPONSORSHIP (Green Signage & Recognition)
- \$250 - HOLE SPONSORSHIP (Hole Signage & Recognition)
- \$500 - GOLFER'S BREAKFAST FOR 150 PEOPLE (Signage & Recognition)
- \$500 - GOLFER'S LUNCH FOR 150 PEOPLE (Signage & Recognition)
- \$500 - ON-COURSE BEVERAGE COOLERS (Signage & Recognition)
- \$200 - 1ST FLIGHT CASH PRIZES, 2 available** (Signage & Recognition)
- \$200 - 2ND FLIGHT CASH PRIZES, 2 available** (Signage & Recognition)
- \$200 - 3RD FLIGHT CASH PRIZES, 2 available** (Signage & Recognition)

*Awarded as \$50 cash prize to winner; \$200 donation to CAI
**\$20 of each sponsorship will be donated to CAI

- I would like to provide item(s) for the Raffle Baskets (Description: _____)
- I would like to provide item(s) for the Golfer's Goodie Bags (Description: _____)

We have an Open Seat on the CAI Heartland Board of Directors for a Community Manager

BOARD OF DIRECTORS 2023 Nomination Information Form (Please Print)

Name: _____

Organization: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ E-Mail: _____

Type of CAI Membership (Check One):

- Community Association Volunteer
 Community Association Manager
 Business/Service Partners

CAI Member Since: _____

Please give a short summary of why you are interested in serving on the Chapter Board of Directors. This completed form must be received **no later than October 23, 2023 and must have at least three signatures from other members of our local chapter.**

Signature _____

Date _____

Signature _____

Date _____

Signature _____

Date _____

Mail to: Community Associations Institute-Heartland Chapter, P.O. Box 953, Bridgeton, MO 63044
 Or Email to: ced@caiheartland.com

CAI Heartland Chapter Awards Nominate Someone Today!

For Business Partner of the Year, Community Manager of the Year, and Community Association Volunteer Leader of the Year

Recognition Criteria for Nominees:

1. Nominee must be a member of CAI and the Heartland Chapter, or their business or organization must be a member.
2. Nominee must be in good standing with CAI and the Chapter. This is defined as having no outstanding debts due to the chapter greater than 60 days in arrears, nor being in current violation of the operating bylaws of either CAI HQ or the Chapter.
3. Applications must be received by November 20, 2023.
4. Current members of the Chapter Board of Directors are not eligible for this recognition.

For Community Association of the Year Award

Community Association of the Year Award will be given to (four size categories- small- 1-149 units, medium 150-499 units, large 500-999 units and extra-large 1000+ units) communities that best demonstrate excellence in association operations and governance by following CAI's Best Practices. **At least one person from your community association board needs to be a CAI Heartland member to be eligible to receive this award.**

CAI's Best Practices

Communications Innovation: Utilization of the internet, social media, printed material, face-to-face contact and other forms of communication to keep owners and residents informed and engaged.

Community Spirit: Support and plan events and other activities which foster a sense of community spirit and involvement.

Financial Stewardship: Overcome financial obstacles to obtain a healthy bottom line/balanced budget and adequate reserve funding.

Green Community Trendsetter: Invested in "green" programs and services to limit the carbon footprint of your Association and make better use of the Association's resources, both natural and financial.

Governance Leaders: Creating a uniform, flexible and reasonable enforcement of governing documents.

Safety & Security Initiatives: Developed and implemented programs and services for safety and security in your communities.

Neighborhood Beautification: Commitment to beautification and aesthetic appearance through improvements in and maintenance of the property within public view.

Reserve Studies/ Management: Maintaining a reserve fund not only meets legal, fiduciary and professional requirements, it also minimizes the need for special assessments and enhances resale values.

Strategic Planning: Strategic planning is more than ensuring your association will remain financially sound and be able to maintain its reserves—it's projecting where your Association expects to be in five, ten, or fifteen years—and how your Association will get there.

Download the form(s) HERE Fill out the appropriate form and include the required 200–300-word essay on why your business partner, volunteer, manager or association deserves the award. Winners will be recognized at our Annual Meeting/Holiday Party. If you have any questions, please contact Cathy at cathy@caiheartland.com or 314-423-8859.

Highlights from M100 in Kansas City

August 16-18th, 2023

FSR team



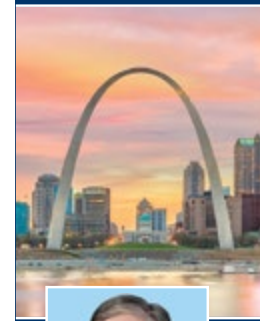
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- Special assessment for per owner charge; owner can either pay in full or finance their share over term of loan

COMBINATION LINE OF CREDIT CONVERTING TO TERM LOAN

- Project amount uncertain
- LOC to provide availability of funds
- Pay for only what is used
- Term loan will allow for time to repay amount borrowed
- Commonly repaid through regular assessments, special assessment, or combination

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Have a colleague that ought to be a member of CAI Heartland?

Send them to:

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Budgeting Best Practices for HOAs

By Chris Bruffey

The words “budget season” can evoke sentiments akin to root canals and IRS audits. While it may not be your favorite time of year, a well-planned budget is essential for every successful community association. Go from daunting to done with these budgeting best practices.

Begin with the end in mind. Start by identifying when the budget needs to be completed and back into a timeline that allows ample opportunity for research, review, revisions, and approvals. September and October are common times for association budget planning.

Assess the current and previous years’ income and expenses. Compare actuals to the budget and identify any outstanding financial obligations. This should paint a picture of what’s working and what may need to change.

Determine the parameters for increasing assessments. Are there any limits on how much the board can raise assessments without membership approval? Check your legal documents and determine if statutes limit the board’s ability to increase regular assessments.

Identify fixed and variable expenses. Fixed expenses remain constant monthly (i.e., installment payments for contracts and utility bills). Variable expenses fluctuate based on usage and include maintenance, repairs, landscaping, and amenity-related costs.

Consider the potential impacts of continued inflation. A recent Foundation for Community Association Research survey about rising costs concluded that 91% of community association managers, professionals, and homeowners experienced unexpected increases in ordinary expenses due to inflation. The most common areas cited for increases: insurance premiums, landscape services, maintenance services, management fees, reserve funding, and staffing. Seventy-three percent of survey respondents indicated they would raise assessments next year, with 41% planning to reduce expenses. Fifteen percent will lower their reserve funding contributions.

Allocate funds for reserves. As a banker who offers association loans, I know many loan requests could be avoided with a more intentional approach to reserve funding. A common budget mistake is cutting reserve fund contributions to limit assessment increases. This leads to a slow, steady progression of underfunding reserves.

How does an association know if it has adequate reserve funds? Here are three key actions:

- Obtain an updated reserve study from a qualified, experienced CAI business partner. Reserve studies should be completed at least every three years.
- Study the report to understand the calculations and prioritize needs (i.e., life safety). Ask questions of the firm that performed the study if anything is unclear.
- Develop a plan to fund reserves to the recommended level, focusing on the most critical items.

You don’t have to fix the issue in the first year, but taking action is important. Bolstering reserve funding may entail a significant increase in regular assessments, a special assessment, or a combination of the two.

Involve the community. Solicit feedback and ideas, and host meetings to discuss the budget. The budget should be transparent and reflect the needs and priorities of the community. Make sure members have easy access to the association’s financial reports and the most recent reserve study. Include itemized income and expenses and the impact on reserves if funding recommendations are not met.

Monitor the budget. Budgets are forecasts, and actuals will always vary. Once the budget is set, track income and expenses monthly or quarterly. This will put you one step ahead for next year’s budget process.

A well-planned budget will help ensure your association meets its financial obligations and addresses community needs.



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Fannie Mae and Freddie Mac: New lender requirements take effect

By: Dawn Bauman, CAE

In July, Fannie Mae and Freddie Mac released updates to project eligibility standards for condominiums and housing cooperatives.

Fannie Mae and Freddie Mac support around 70% of the mortgage market, according to the National Association of Realtors. Most conventional loans offered by private lenders end up being backed or purchased by the two companies. Project standards are specific requirements designed to verify that each common interest community with more than five attached units qualifies for mortgage lending availability. Fannie Mae and Freddie Mac purchase loans from mortgage lenders, increasing their capital and allowing them to provide mortgages to more homebuyers.

The two government-sponsored enterprises began developing—and released temporary guidelines—after the Champlain Towers South condominium collapse in June 2021. It is critically important for condominiums and housing cooperative to have access to loans that will meet Fannie Mae and Freddie Mac qualifications. CAI continues to provide specific feedback regarding the requirements, which officially go into effect Sept. 18.

Community association boards and managers will likely see changes in lender questionnaires and requests from lenders for additional documentation, including:

- Insurance policies
- Budgets
- Financial reports
- Reserve studies and funding schedules
- Documentation regarding special assessments
- Documentation about litigation or alternative dispute resolution
- Building inspection reports

If the association does not provide this information to lenders, the project may be deemed ineligible, and put on an ineligible list. This could be devastating for a

condominium or housing cooperative association.

In addition, based on the information a community provides, it will likely be deemed ineligible if:

- The project needs critical repairs.
- There is a current evacuation order due to unsafe conditions.
- There are unfunded repairs totaling more than \$10,000 per unit.
- The property insurance coverage is not full replacement value and doesn't include all the coverage as required. (Note: Cash value replacement is unacceptable.)
- The budget doesn't have adequate funding for insurance deductibles, at least 10% of the budget set aside for reserves, or if more than 15% of income comes from rental or leasing of commercial parking facilities.
- More than 15% of owners are more than 60 days delinquent in paying their assessments.
- Commercial or nonresidential space accounts for more than 35% of the total above and below grade square footage.

A reserve study and funding schedule also are now an important part of the requirements. Communities must have an inventory of major components, a financial analysis and evaluation of current reserve fund adequacy, and a proposed annual funding plan. The reserve study or an update must be completed every three years and be prepared by an independent expert.

Additionally, the reserve study must meet or exceed requirements set forth in any applicable state statutes. It also must comment favorably on the project's age, estimated remaining life, structural integrity, and the replacement of major components.

Building inspection reports, insurance requirements, and pending litigation also come into play. **CAI**

Celebrate Good Neighbor Day with CAI

By Carly Reid

Celebrate Good Neighbor Day with CAI. Carly Reid, CAI's director of program logistics and exhibitor relations, shares her experience moving into a new neighborhood and the power of community spirit.

When I first saw the small piece of paper taped to the outside of my back gate, my initial reaction was, "Oh, geez." I had just moved into the community and was worried I already ran afoul of my neighbors. Cringing, I slowly peeled off the piece of paper and peeped through the fingers covering my eyes. To my surprise, it wasn't a nasty gram. Rather, it was an invitation to the neighborhood Memorial Day BBQ. I let out a big sigh.

So, I went to said neighborhood event. And guess what? It was great! I met people from all walks of life—from the 7th grader who showed me her super talented anime drawings to a 98-year-old woman who is one of the original owners of the community dating back to 1968. She was fun and had all the neighborhood tea. Among the burgers and watermelon, everyone was so welcoming and genuinely inquisitive about me. And I found myself at ease. I was going to like it here.


Before settling into this 500-unit townhome community, I lived in a 32-unit condominium. It was hip and near shops and restaurants; that was all great. But what it had in sophistication and cool-factor vibes, it lacked in friendliness and neighborliness. Rarely did anyone in my building make eye contact, let alone stop

and say hello and, heaven forbid, invite you over for a glass of wine.

Instead, it was a-buzz with busy professionals and athletic types who were always on the go and not really interested in getting to know me or anyone else. In my four years there, I think I met a total of three neighbors. The lack of interaction was getting to me. I realized I wanted to be a part of something more—at least someplace where your neighbors acknowledged your presence.

So, I moved, and it was the best decision ever.

We've had a lot more BBQs and other events since Memorial Day. I've met a plethora of people who are super cool and interesting. People say hello and wave. There are so many dogs and cats, and parks, and running trails. It is pretty awesome, and I'm pretty darn happy in my new community.

So, what's in an invite? Everything. 



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Safeguarding finances: 9 steps to prevent fraud and embezzlement in your HOA

By: Dawn Bauman, CAE

Community associations fall victim to theft and embezzlement too frequently. Board members should know the warning signs and institute preventive measures before the community is left with a difficult recovery. Combining these safeguards should help to keep your association and homeowners from being victimized.

1. **Know the association's Federal Tax Identification (FTI) number.** Use it to obtain periodic listings of all bank accounts and account numbers, and make sure they are all under the association's name and FTI number.
2. **Use a lock box system for deposits.** A lock box allows owners' payments to be mailed or transferred directly to the association's bank accounts. This reduces the chance that the association's money will be deposited into the wrong account.
3. **Safeguard your association's reserves.** Like checking accounts, the reserve account(s) should be under the control of at least two people. Do not give one board member total control over reserve accounts.
4. **Require duplicate operating and reserve accounts statements be sent every month.** One statement should be sent to the management company (or, if self-managed, to the treasurer or bookkeeper) and the duplicate to a board member who does not have authority to sign the checks or make any type of transfer or withdrawal.
5. **Check invoices against checks paid and the original receipts for credit card accounts, if any.** If the association has professional management or a bookkeeper, the board treasurer should conduct this review. If self-managed, a board member without access to the bank accounts or credit card privileges should check for any unauthorized use.
6. **Shop around for bank services.** Unfortunately, some banks do not enforce dual-signature requirements or prohibit electronic transfers between accounts, despite being under different FTI numbers. If the bank wants your business, demand that it demonstrates the safeguards it has in place to minimize theft, especially through electronic transfers.
7. **Insure the association's money.** Obtain fidelity coverage on the board members and the management company or bookkeeper, if any, in an amount that equals or exceeds the association's reserve fund and several months of operating funds. Even with coverage through the association's insurance carrier, the board should require evidence that the management company carries its own fidelity coverage, which would provide the first line of recovery in the event of theft by one of its employees.
8. **Make sure the management agreement includes specific terms to require these safeguards.** A professionally managed association should have its legal counsel review the original agreement and any renewal prior to execution, so the agreements are not riddled with lopsided terms that are detrimental to the association.
9. **Regularly have an independent certified public accountant conduct an audit.** While it may be too costly to conduct an audit every year, the board should commit to having one performed every few years. In the interim, the association should have an annual review performed, with the stipulation that the bank balances be independently verified. [CAI](#)



"The **first thing** I do in the morning is read my overnight emails. The second thing is **read this forum**. I frequently print whole discussions and then give them to my board members to read. This forum is a way for me to learn and hopefully share what I have learned with others in our community. Thank you to all that take the time to pose the the questions and to those that share their knowledge for solutions."

ELIZABETH PITINO

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BRIEF SURVEY: Help CAI Prepare for the 2024 Legislative Sessions

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<https://www.surveymonkey.com/r/2024legislativetrends>

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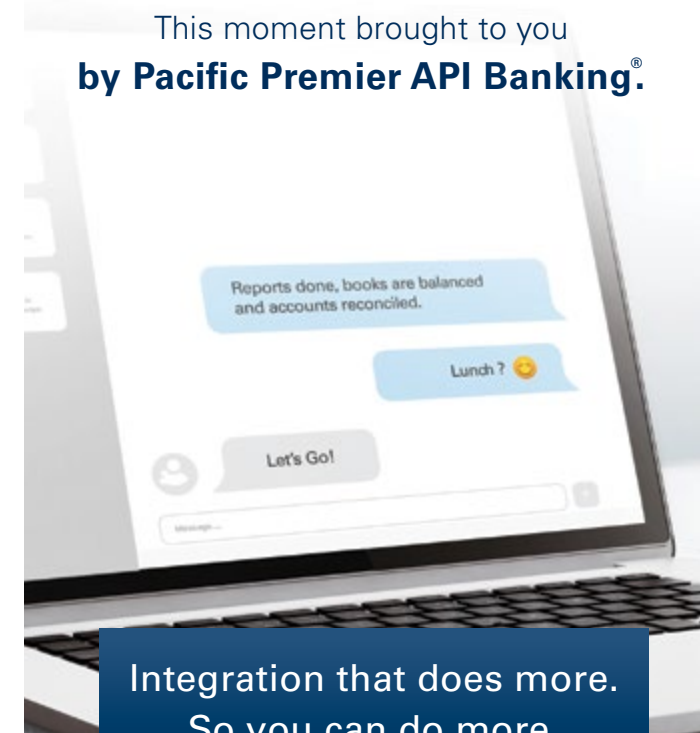
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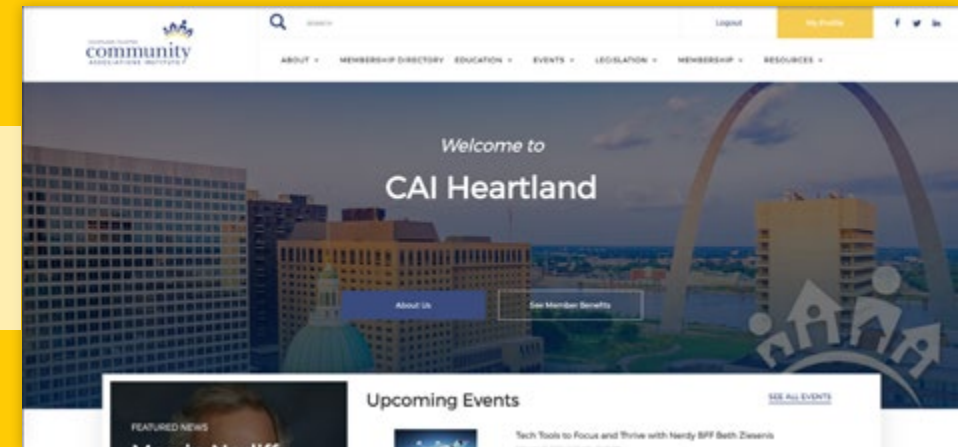
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