



Associated Property Management

RAISING FUNDS FOR COMMUNITY ASSOCIATIONS

By Associated Property Management

Many associations have had to resort to raising additional monies to fund repairs, capital improvements and reserve items. This shortfall in funds has been due mainly to inadequate operating budgets, under-funded reserves for repairs and unforeseen or unanticipated expenses from the hurricanes that we experienced last year. Most associations have no budgets or savings that are designated for insurance deductibles.

Associations can raise additional funds through borrowing from financial institutions, increasing assessments by recalculating budgets or by having special assessments to pay for repairs or improvements. Unless the documents provide otherwise, these decisions are made by the Board of Directors. However, the Board must make sure that notices for these meetings be sent to all members or the Board's actions could be rendered invalid. In this article we will address the proper way for an association to inform, notice and conduct a meeting whereby additional funds will be solicited from the membership.

Homeowners' associations which are governed by F.S. Chapter 720 now require all members to be notified of the meeting at which a special assessment is to be considered, not less than 14 days in advance by mail, hand delivery or by electronic transmission of the meeting notice. Your documents may require additional time for the notice. The notice must state that the Board of Directors will be considering a special assessment, and the notice must also state the exact nature of the special assessment. In addition to the above, the notice of meeting must also be posted on the property and, if available, may be broadcast on a community closed circuit cable television channel.

A homeowners' association Board of Directors meeting must be open to all members of the association and the members will be allowed to speak on any item that is placed on the agenda by petition of the voting interests for at least 3 minutes. The Board of Directors is also allowed to make reasonable rules and regulations regarding owner participation at Board of Directors meetings. Though it is not specifically mentioned in the statutes, it would be wise for a homeowners association to follow the same rules if they are considering borrowing the funds from a bank. The repayment of the loan will impact the owners as well, therefore, the owners should be informed and involved as the statute dictates.

If there is any meeting whereby the Association will be considering a budget, or reconsidering a budget, the same 14-day notice rule is to be followed. In the past, the statute was unclear and many associations simply posted their meeting notice when considering a budget or a special assessment and they failed to mail the notice of meeting

to the members. This caused many problems whereby the owners were surprised when they were told, after the fact, that there was a new budget or a special assessment. We also suggest that all agendas of any Board of Directors meetings be as specific and detailed as possible, and whenever possible, through newsletters and flyers, inform the membership leading up to the meeting what the Board is thinking, any type of research that is being conducted by the Board of Directors and why a special assessment or new budget is being considered and how the process may affect the members. Disseminating information to the members is a key component for the Board of any association in helping to raise new or additional revenues.

Chapter 718 and 719 Associations generally follow the same notice requirements and unit owner participation, unless their documents require more stringent notice requirements.

Today, all associations are under increasing pressure to fund shortages that may be a result of poor budgeting or for unexpected expenses. Budget shortfalls require raising revenues through assessments and/ or borrowing. In the future, inform your members in a timely and proper manner of revenue raising measures being considered. Follow these suggestions in order to minimize any misunderstanding with your members when raising revenues.

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