

# apm NEWS

**A Publication of Associated Property Management - Spring 2003**

## **BOARD MEMBER TRANSITIONS FOR COMMUNITY ASSOCIATIONS**



**By John R. Math, LCAM**

At this time of year, new Board of Directors are being elected and formed for the coming year. Some Boards remain static from year to year, while others experience total turnover. In all cases, there should be a transition procedure to help the new Board Members to adapt more quickly to the operations and management of the association.

Since being on a Board of Directors is solely a volunteer position, it is very difficult for Board of Directors to have a smooth transition from year to year, as residents get tired from fulfilling their duties or their terms expire. Thus, it is imperative to replace the outgoing Directors with new Directors, year after year. To help bring new Directors up to

speed as quickly as possible and to have them be as effective as possible, it is suggested that there be transition packages for each new board member. Transition packages would contain key information about the operations of the association and any important elements to help and guide any new Director in that position. The main purpose in having transition packages is to provide continuity of operations from year to year. In this manner, there are no serious disruptions in management and in the operations for the coming year.

A few elements of the transition package would be; all current contracts, any amendments to the association documents, recorded set of association documents, current governing statutes for the Association, calendar of events for the next twelve months, current year's budget, manager's reports for last two years, committee reports for the last two years, minutes of last two years board meetings, prior year's budgets, summary of

past accomplishments and future problems and finally telephone numbers of board and committee persons. In addition to the above, I suggest having all bank account numbers listed, with locations of the accounts and who the current signers are. Also, at the transition meeting or organizational meeting of the new Board, there should be new bank signature cards and corporate authorizations available to assist the new Board.

In an ideal situation, a past Board will meet with the new Board and review their current management, any current conflicts and operation problems. Past officers would provide an overview to the new officers. Committee chairpersons would give their reports and summary of activities to the new Directors and new committee chairpersons as well. Past Officers would be available to provide guidance to new members.

In many transitions, there will be some Directors that will be carried over from one year to the

next. These Directors usually become leaders or will be able to fill in the history of a situation or a problem to the new Board members. In that way, the new Board will be able to make more informed and better decisions that will please the membership. Many association documents have staggered terms, which provides for Directors to be carried over from year to year, rather than one year terms. If an association provides for one-year terms, the association should consider amending their documents to allow for staggered terms for their Directors. This also helps to promote continuity from Board to Board and year to year. An ideal staggered term scenario would be for 1/2 of the Directors being newly elected with a two-year term and 1/2 of the Directors having a one-year term remaining. In this manner, the association has a group of people who will be able to carry on from year to year with some continuity. The Board members who have the longer experience will be able to provide some history to certain projects for the Directors who are new to the Board. In this way, the entire Board can make more informed decisions.

Try developing a transition procedure for your Board of Directors, in order to minimize any disruptions in operations from year to year. This will benefit your Directors and your residents.

**NOTE APM HAS MOVED TO:  
1928 LAKE WORTH ROAD  
LAKE WORTH, FL 33461  
561-588-7210**

## Ask The Attorney

By Edward Dicker, Esq.

**Q.** *In our Homeowners Association, we have homeowners who plant gardens, additional shrubs and trees in the common areas. The landscaper cannot do their work properly and is threatening to raise their charges. How can we stop our homeowners from doing this?*

**A.** Pursuant to most governing documents, the Board of Directors controls the common area of the Association and therefore has the right to prohibit owners from planting gardens, etc., on the common area. The Board of Directors should notify owners that they are prohibited from doing so. The Board's notice may further state that any owner who violates this decision will have the landscaping removed by the Association. In addition, if the authority exists, an owner may be fined.

**Q.** *We have a Board of Directors who will not have open meetings, yet they continue do their business in workshops, without allowing the members to observe or participate. Is this legal?*

**A.** Both the Condominium Act and the Homeowners Association Act contain a broad definition of what constitutes a Board of Directors meeting.

Neither Act authorizes closed workshop meetings. Regardless of what a Board calls such a meeting, if a quorum of directors is present conducting Association business, it is a Board meeting, and notice must be posted and owners must be permitted to attend. The only exception is a meeting with the Association's attorney discussing proposed or pending litigation.

Edward Dicker is a partner in the law firm of Dicker, Krivok & Stoloff. The firm represents several hundred community associations (including Country Clubs) in South Florida.

They can be reached at 561-615-0123. Their email address is [ed@dkslaw.net](mailto:ed@dkslaw.net)

## REMINDERS!

1. Be sure to update your files to include a new buyer disclosure statements as of January 1, 2003.
2. Fees to the Division are coming due and are late if not paid by March 1, 2003. The amount is \$4.00 per unit, for all condominiums and cooperatives.
3. Corporate Annual Reports will soon be mailed and must be filled out and received by the Secretary of State by May 1, 2003. The Fee is \$61.25 for Not-For-Profit Corporations.

## Maximizing Assessment Funds Through a Lockbox System By Terry Krok, Fidelity Federal Bank & Trust

In the ever changing financial marketplace, community associations need to develop ways that will help to maximize their return on their assessment funds. In the past, associations would manually collect assessments, make the deposit when they had time and then post the payments to the unit owners accounts. Today, there is a whole array of financial services that some financial institutions can arrange for an association. In this article we will discuss a Lockbox system and how this can benefit your community association by maximizing the return on your assessment funds and increasing the reliability of your reporting data.

Fidelity Federal Bank & Trust Lockbox Service is a unique lockbox service that utilizes the latest technology in remittance processing. Our system was designed to be flexible and responsive to your condominium or community association's needs.

One of the most critical areas of cash management for your condominium or community association is the receipt and collection of funds. Lockbox Processing continues to be the most widely used and effective tool available for accelerating the collection of reoccurring receivables such as association dues and special assessments.

Your incoming payments are mailed directly to a specially dedicated Fidelity Federal local P.O. Box, reducing mail handling, processing time and collection timeline. Lockbox Processing meets three major remittance collection goals for your condominium or community association.

- Efficient mail receipt and processing
- Expedient check collection and availability of funds.
- Timely, accurate communication of remittance detail.

We maximize an automated workstation approach for the processing of Lockbox items. Several highly-trained, experienced associates are responsible for all phases of the process.

Fidelity Federal's Lockbox Service payment processing can provide the accuracy and dependability of fully automated payments processing for all transaction types.

Owners are issued coupon books or statements from their management company. The coupons look similar to loan payment coupons and will include information such as due date, payment amount, late payment amount, name of the association and homeowner, along with a special Fidelity Federal lockbox address at the West Palm Beach Postal Facility. Homeowners mail the monthly/quarterly coupon, along with a check made payable to the association to Fidelity Federal's mail facility. Payments are retrieved

daily from the PO Box and delivered to our Cash Management Facility located in West Palm Beach. An Associate then opens, and sorts the coupons by association name. Checks and coupons are processed through a scanner which reads the coupon bar code and the MICR encoding on the bottom of the check. That information is then compiled in a report format. This report usually reflects the same information printed on the face of the coupon and is transmitted daily via fax, e-mail or in most cases, by computer to computer file transmission to the association's bookkeeper or management company.

Our Lockbox computer records all daily transaction processed and is saved to a diskette, making it easy to research payment history. Fidelity Federal's Lockbox Service creates and maintains a database for each customer including account number, name, amount last paid, and a recall index number. This recall index number is created from scanning the MICR line of the payer's check and combining the checking account and bank transit/routing numbers of the payers check to form a unique number. Fidelity Federal's Lockbox Services is able to "recall" the payer's last transaction from either their name or recall index number. This eliminates manual entry of the transactions when a payer does not include a scannable remittance document.

Fidelity Federal Bank & Trust accepts electronic payment transaction records from ACH files. Residents can arrange to have their dues electronically debited monthly, quarterly, semi annually or annually from a personal checking or savings account. Regardless of payment source, all transactions are combined and consolidated for automated posting to your receivables system.

Because Fidelity Federal Bank & Trust maintains an online database of residents of each association, our system is able to maintain individual exception instructions. A notification or hold warning can be placed on an individual account restricting the system from posting any transactions for that account. A warning can also be placed on an individual association or payers account; the warning feature can be utilized for the items where the operator is required to observe certain payment procedures such as posting funds to account with verified funds only.

Fidelity Federal Lockbox Services is capable of accepting multiple remittance items tied to a single check. This feature enables us to provide the resident information regarding all the accounts that have been paid by a single check. This type of group transaction may be recalled for future payment allocation.

Fidelity Federal offers a special package of personal

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Mailing Label

C/O ASSOCIATED PROPERTY MANAGEMENT  
1928 LAKE WORTH ROAD  
LAKE WORTH, FLORIDA 33461

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financial services to the residents of community associations who have given us the opportunity to service their account relationships. These services would include free checking, discounts on safe deposit rentals, consumer and residential loans. If your condominium or community association is undertaking a major project, repairs or renovations, talk to us. Fidelity Federal offers highly competitive pricing on loan products, with terms to accommodate your financial needs. By financing your project with Fidelity Federal, you can defer burdensome one-time special assessments to smaller installments. What's more our local market specialists can expedite your loan.

Please visit our website [www.fidelityfederal.com](http://www.fidelityfederal.com) for information regarding a full range of our products and services. We would like to meet with you to discuss how Fidelity Federal can provide a customized service package to meet the needs of your condominium or community association. If you have any questions, you may contact me, Terry Krok at 561-659-9922, or 561-762-3427. We look forward to meeting with you in the near future.

Associated Property Management of the Palm Beaches, Inc. is a fifteen-year-old full service association management firm. APM serves more than 100 associations in Palm Beach County. If you have any questions or comments you may contact us at 1928 Lake Worth Road, Lake Worth, Florida 33461. Please call us at 561-588-7210 or you may email us at [assocpropmgt@bellsouth.net](mailto:assocpropmgt@bellsouth.net) at anytime.

**USEFUL WEBSITES FOR YOUR ASSOCIATION**

Associated Property Management  
561-588-7210 or [www.assocpropmgt.com](http://www.assocpropmgt.com)

Florida Department of State  
904-487-6000 or [www.sunbiz.org](http://www.sunbiz.org)

South Florida Water Management District  
561-686-8800 or [www.sfwmd.gov/index](http://www.sfwmd.gov/index)

Palm Beach County Property Appraiser  
561-355-3230 or [www.co.palm-beach.fl.us/papa/main/default](http://www.co.palm-beach.fl.us/papa/main/default)

Florida Division of Emergency Management  
850-413-9900 or [www.floridadisaster.org](http://www.floridadisaster.org)

Palm Beach County Div. Of Emergency Mgt.  
561-712-6400 or [www.co.palm-beach.fl.us/eoc](http://www.co.palm-beach.fl.us/eoc)