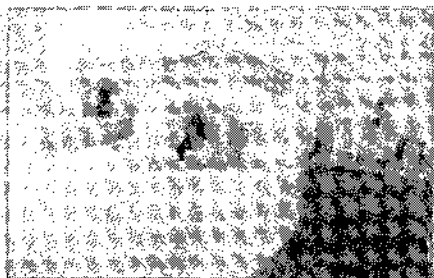


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GUEST COLUMN

What to expect while living in a community association

By **JOHN R. MATH**

Owner, Associated Property Management of the Palm Beaches, Inc.

Living in a community association can be the most rewarding, or the most frustrating, experience of your life.

In any form of community association, you, the owner, must stay involved in the workings of the association. The association always needs owner-volunteers for the board of directors and committees. In addition, the board of directors needs unit-owner participation at meetings for input and guidance.

The association does not operate on its own without the owners' involvement. Even if a management company or management staff handles day-to-day operations and problems, the board of directors (the owners) has the ultimate responsibility to manage and operate the association.

To fully protect your investment and lifestyle, you, as an owner, need to be involved in the association and its operations. If this is not possible, you must at least attend board of directors, committee, workshop and/or membership meetings to stay informed and to benefit

from the community-association experience and lifestyle.

A home is usually the single most important and costly investment you will ever make. To leave major operations and maintenance decisions to others, without your input and participation, just does not make good business sense.

The major cause of trouble for an owner in a community association is usually the misunderstanding that the association takes care of all maintenance, repair and replacement problems. This misunderstanding usually results because owners are not familiar with the documents and state statutes that govern their association.

In most cases, the documents provide the guidelines for repairs and replacements and define who is responsible. If the documents are silent or conflict with state statutes, the state statutes prevail.

It is the responsibility of the buyer of the unit to read and understand the details of the documents and their ultimate ramifications upon the unit owner's lifestyle and budget.

Don't assume that since it is a condominium unit, everything will be maintained by the association. Make sure you read the

documents, or have an expert, (usually an attorney who specializes in real estate law) interpret the documents before "buying a unit. In addition to being knowledgeable about the documents and the association's maintenance responsibilities, an owner should be able to read and interpret the association's budgets, balance sheets and income statements for the last several years. This information will show you whether the association's budget has risen over the last few years, is within budget, whether reserves have been funded, or if there is a collection problem with delinquent unit owners.

If there is a problem in any of these areas, you may see future increases in maintenance assessments to make up for past deficits.

Another possible result of past deficits and poor budget controls could be future special assessments. If asked, the seller should divulge how many special assessments have been levied in the past few years and whether any are anticipated. Some associations annually underfund their operating budget, then make up the difference with special assessments throughout the remainder of the year.

The powers-that-be at this type of association feel they can offer resale units with a low

maintenance fee that will make their community more attractive. Actually, that type of association will develop a negative reputation for having too many special assessments.

Eventually, this type of association might become a community where you do not want to buy.

If a community has a strong balance sheet, has plenty of money in reserves for major repairs and replacements, and is considered well maintained, that's the type of community where you want to buy.

As a buyer, if you cannot read or understand the association's budgets and balance sheets, have a knowledgeable person assist you. In the long run, it could save you a lot of heartache and money.

As a seller, be able to promote the financial well-being of your community when marketing your unit.

In a well-managed association, you can expect to live in a community where you are respected as an individual, are well informed about the workings and operations of the community, and are encouraged to be involved with your association - either actively or as a member-participant.

A well-run association has an adequate bud-

get to operate. It has adequate funds for emergencies and long-term projects, and has set aside funds for reserves for major repairs and replacements. It also has adequate insurance to protect the association from casualty and liability losses.

The association, throughout the year, hires professionals to help in the operations and management of the association. The management of the association is responsive to members of the community; for example, telephone calls are returned quickly, and official correspondence is acknowledged.

The records of the association are well maintained and readily available for unit owners' inspections. A well-run community association is not only a place where you want to live but is also a place that will likely have good resale value.

Most community associations are not perfect; they are a work in progress, since events, conditions and membership in the association are constantly changing. No matter what is happening, however, the association should have the wherewithal to deal with most situations and circumstances for the benefit of the association - either in its operations, its talent pool of members,

or from the professional ranks.

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