

Community Trends[®]

March 2017

FINANCIAL FITNESS



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- **Fraud...it can happen!**
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CHAPTER EXECUTIVE DIRECTOR
LARRY@CAINJ.ORG

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DIRECTOR, CONFERENCE & PROGRAMS
ANGELA@CAINJ.ORG

JACLYN OLSZEWSKI
DIRECTOR, EVENTS & EDITORIAL
JACLYN@CAINJ.ORG

LAURA O'CONNOR
DIRECTOR, MEMBERSHIP & MARKETING
LAURA@CAINJ.ORG

MARLA SERAFINO
OFFICE ADMIN & GRAPHIC DESIGNER
MARLA@CAINJ.ORG

Contact CAI-NJ

ADDRESS
CAI-NJ
500 HARDING ROAD
FREEHOLD, NJ 07728

PHONE
609-588-0030

FAX
609-588-0040

WEB
WWW.CAINJ.ORG

EMAIL
INFO@CAINJ.ORG

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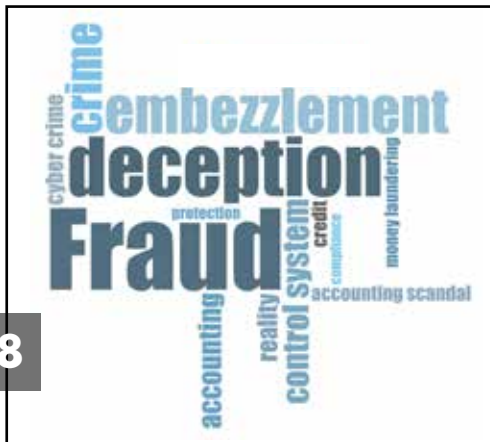
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**"There is nothing quite as wonderful as money,
there is nothing quite as beautiful as cash."**

Monty Python — "The Money Song"

My first order of business in this column will be to welcome the 2017 CAI-NJ Board Officers. Our executive committee members are Nancy Hastings, President Elect; Lisa Vitiello, Vice President; Mohammed Salyani, Treasurer and Loren Lightman, Secretary. I look forward to working with all of you, what a great executive and board member team we have for 2017! Congratulations!

This month's *Community Trends*® focuses on articles about "Financial Fitness;" a subject of which no one could ever tire. Who doesn't love hearing about ways to keep an association's finances in good shape and, of course, it's money in the bank. In our industry, we are tasked with assisting our associations with creating budgets, collecting association fees, sending late notices, working with attorneys regarding collection efforts, paying the vendors, working with the auditors, and assisting with securing the reserve funds with reputable investment brokers. Sounds like a lot of heavy lifting and luckily we have great spotters within our industry to be there to help when the load is too heavy to carry alone.

The coming pages address challenging subjects, such as fraud and board liability. To get the message out, we need to be ever vigilant in educating our associations with respect to why all of this is part of good financial health. As mentioned in the first paragraph, all the exercises above are needed for the full benefit of maintaining optimum financial growth.

Associations depend on their members to fund the budget to keep the lights on, insurance intact, lawns cut, snow cleared, buildings and grounds maintained, just to mention a few budget line items. Sometimes it may feel like many owners are unaware that there is no pot of gold over the rainbow for an association to obtain these funds, which is why education is paramount to making the owners understand the importance of paying the maintenance fees on time. Owners need to

understand that they are all in it together to make their association successful and thriving. A prime time to educate association members is during their annual meeting and election. Invite the association's auditor, reserve specialist and/or investment broker to the meeting to provide insight and answer any questions the owners may have regarding where their fees are going. Knowledge is power, and removing any doubt of how their fees are being spent can reduce delinquencies and ultimately will improve the cash flow for the association.

Along with common interest communities, the CAI-NJ chapter deals with all the same issues as associations do.

**"Sounds like a lot of heavy lifting
and, luckily, we have great spotters
within our industry to be there
to help when the load is too
heavy to carry alone."**

The chapter has its own attorney, auditor and insurance agent. The CAI-NJ staff prepares the annual budget and provides information to the auditor for the yearly audit. Reviewing the annual budget as well as the monthly financials along with making recommendations on adopting the budget and approving the audit are some of the functions of this year's finance committee, which is made up of five very capable members: Lisa Vitiello, Town & Country Management; Mohammed Salyani, Wilkin & Guttenplan; Jeff Logan, Guardian Services; Cheryl Rhine, USI Insurance Agency; and Ben Basch, American Pools. Thank you all for your valuable contributions to our chapter.

Peace and Love,

Denise



LOOKING FORWARD

LARRY THOMAS, PCAM | CAI-NJ CHAPTER EXECUTIVE DIRECTOR

Several factors must be considered when you review your association's financial fitness. I'm sure that most of our associations do a monthly review of their financial reports and hire an independent auditor to perform their annual audit. These functions are an excellent way of catching practices that may lead to a breach in the association's financial management. A few additional items that should be reviewed on a regular basis include the insurance policies, their internal controls, making sure that their investments are FDIC insured, and making sure that the signatures on their bank accounts are current. I also cannot stress enough the need to keep a diligent eye on the association's accounts receivable and making sure that they are addressed in a timely and fiscally responsible manner. I also need to mention the importance of making sure that your contractors are sufficiently insured and your contract language fully protects your association in case of a lawsuit.

It is also very important to keep current with any pending legislation that will impact your association. This is why I consistently advise our members to hire professionals that are heavily involved in the community association industry. These professionals, and I must say, that a majority of them are very involved in CAI both on a national and state level, keep current with any legislation that can influence the operations and financial health of your community.

The NJ-LAC is presenting its' annual Legislative Update program again this year and I suggest that you or someone from your association attend one of these updates. In the past two years, we see a 50/50 split in attendance between our manager members and board members. I

recommend that you invite a member of your management team to accompany your board members to attend. This year we have some very interesting topics that will be discussed at the Legislative Updates. We've added an update this year for the West Orange area. Please refer to the flyer on page 46 for dates, locations and topics for this year's program.

Hopefully you were one of the fortunate people that attended our Economic Forecast on February 7th at the

"The NJ-LAC is presenting its annual Legislative Update program again this year and I suggest that you or someone from your association attend one of these updates."

Forsgate Country Club in Monroe Twp. Jeffrey Otteau gave a very in-depth presentation on what he feels the economic climate in New Jersey will be for 2017 as it relates to housing trends and a new administration in the White House. We co-host this event annually with IREM and it is definitely worth the time to attend.

So, in closing, we are seeing longer days and hopefully warmer temperatures are not too far away. It's been a fairly mild winter, but remember March can be a very unpredictable month. With any luck, we've seen the end of snow and spring will right around the corner. ■

2017 EVENTS & EDUCATION CALENDAR

MARCH

- 23-** **M-100: The Essentials of Community Association Management**
25 West Windsor

APRIL

- 20** **CA-PAC Fundraiser**
Top Golf, Edison
- 25** **Lecture Series**
CAI-NJ, Freehold
- 27** **Spring Break Party**
Windows on the Water, Sea Bright

MAY

- 16** **Manager & Business Partner Round Table**
TBD
- 18-** **M-205: Risk Management**
19 Monroe Twp.

JUNE

- 8** **Board Leadership Development Workshop**
CAI-NJ, Freehold
- 13** **Lecture Series**
CAI-NJ, Freehold
- 16** **CA-PAC- Day at the Races**
Monmouth Park, Oceanport
- 22** **Manager & Business Partner Round Table**
TBD
- 27** **Dennis R. Casale Memorial Golf Outing**
Forsgate Country Club, Monroe

JULY

- 13** **Senior Summit**
TBD
- 27-** **M-340: Large Scale Management**
28 Monroe Twp.

AUGUST

- 10** **Annual Beach Party**
Martell's Tiki Bar, Point Pleasant
- 22** **Lecture Series**
CAI-NJ, Freehold

SEPTEMBER

- 14** **Manager Leadership Workshop**
TBD
- 19** **Lecture Series**
CAI-NJ, Freehold

OCTOBER

- 17** **Preconference Networking Reception**
TBD, Edison
- 18** **Annual Conference & Expo**
NJ Convention & Expo Center, Edison
- 26-** **M-100: The Essentials of Community Association Management**
28 Monroe Twp.

NOVEMBER

- 16** **Manager & Business Partner Round Table**
TBD

FOR MORE INFORMATION CONTACT EVENTS@CAINJ.ORG.

EVENTS ARE SUBJECT TO CHANGE

LEGISLATIVE UPDATE



GEORGE GREATREX, ESQ.
PARTNER, SHIVERS, GOSNAY & GREATREX, LLC
LEGISLATIVE ACTION COMMITTEE VICE-CHAIR

In the September 2016 issue of *Community Trends*[®] I reported on “**zombie foreclosures**” and the ongoing efforts to reform New Jersey’s foreclosure laws and practices. I commented that if you were to ask any board member of any of the roughly 6,700 community associations in New Jersey what the top three issues are that dog them in their efforts to govern their communities, you might hear about claims against their insurance coverage that result in rising insurance premiums, or collecting overdue assessments from owners who drive shiny new cars, or maybe even complaints about owners who fail to scoop up after their pets. But it’s safe to say that more often than not, the issue of **vacant and abandoned homes in foreclosure** in their communities ranks near the top of their list. They are unsightly, unsafe, unsanitary, and worst of all, the owners of such properties rarely pay their association assessments, withholding valuable resources from their association and increasing the financial burden on those responsible members who do pay their assessments. These vacant and abandoned properties in foreclosure (affectionately known as “zombie” foreclosures) surely challenge the **financial fitness** of the many community associations across our state and nation we proudly serve.

I also commented that it is safe to say that anyone who initiates, supports and works to advance a piece of legislation through the legislative process learns early on that to be successful in that endeavor, one must be persistent... and patient. The NJ-LAC has been diligent in proposing and advancing laws that ease the burdens on community associations across New Jersey caused by such properties. In 2014 a law was passed that authorizes, but doesn’t require, a foreclosing lender to expedite the foreclosure process when the property is “vacant and abandoned” (NJSA 2A: 50-73 et. seq.). However, in practice it has been seen that foreclosing lenders, in general, are choos-

ing not to expedite the process, resulting in vacant and abandoned homes languishing as a drain on the financial fitness of community associations all across New Jersey, sometimes for years at a time.

In response to requests for help from associations across our state dealing with zombie foreclosures, the NJ LAC has proposed and supported legislation to amend this law, providing that if the foreclosing lender chooses not to expedite the process, the lender would be required to pay to the association the assessments imposed against the unit until title is transferred to a new owner, or the lender would be required to agree to the appointment of a fiscal agent (also known as a “rent receiver”) so that the association could recover the past due and ongoing assessments from the rents received from the unit until the foreclosure process concludes and the property is sold to a new owner. To date, the results of attempts to judicially encourage lenders to expedite their foreclosure actions, or to appoint rent receivers, have been mixed, meaning that Superior Court judges in some counties have agreed to do so, while others have not, hence the need for statewide legislation. In December of 2015 the Senate version of this bill was voted out of committee with strong bipartisan support and moved to the full Senate chamber where it was voted on and *unanimously* approved shortly before the end of the previous legislative session in early January 2016. Unfortunately, the Assembly failed to call its version of the bill for a vote before the end of the session. The NJ-LAC was instrumental in having both bills reintroduced in the new 2016-2018 legislative session (now **Senate bill 1832/Assembly bill 3823**).

The good news is that the momentum in favor of these bills has continued into this current legislative session. The Senate version has already successfully cleared the Community and Urban Affairs Committee, and has been

"...anyone who initiates, supports and works to advance a piece of legislation through the legislative process learns early on that to be successful in that endeavor, one must be persistent...and patient."

referred to the Budget and Appropriations Committee (a necessary step in the process). While the mortgage bankers association and the Administrative Office of the Courts have expressed some minor concerns with particular language in the bills, the NJ LAC has been in discussions with those groups and we are hopeful of an agreement on the final language soon. It is anticipated that these bills will be finalized and voted on by the full chambers of the New Jersey Legislature, then sent to the Governor's desk, before the summer recess. This needed reform in the foreclosure process can't come soon enough for most community associations across our state.

Another item of good news: in 2014 a law was passed that authorizes New Jersey municipalities to adopt ordinances that require foreclosing lenders to maintain up to local codes the exterior of vacant homes subject to foreclosure proceedings, or face stiff fines (NJSA 40: 48-2.12s). Many municipalities across New Jersey have adopted such ordinances and have been requiring foreclosing lenders to maintain the exterior of those homes. If your town has not yet adopted such an ordinance, we encourage you to contact your town's governing body and strongly suggest they do so. Amendatory language to this law was introduced last year which would require lenders foreclosing on vacant and abandoned properties to likewise maintain the interior of such units, but it was not approved before the end of the last legislative session. It has not yet been introduced in the current legislative session. ■

George Greatrex, Esq. is a partner with the Cherry Hill law firm of Shivers, Gosnorp & Greatrex, LLC, a CAI Business Partner, and serves as the Vice-Chair of CAI's NJLAC and liaison to the PA/DELVAL-LAC. His practice focuses on community association law, and his firm represents approximately 180 community associations in South and Central New Jersey. Mr. Greatrex can be contacted via email at ggreatrex@sgglawfirm.com.

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INSIDE CONNECTION

ANGELA KAVANAUGH | Director, Conference & Programs

STEP RIGHT UP TO THE MAIN EVENT WHERE EVERYONE IS A WINNER WITH CAI-NJ...

Plans are already underway by the 2017 Conference & Expo committee for this year's tradeshow.

If you live in or manage a condo association or HOA you won't want to miss the biggest Community Associations Institute, New Jersey chapter event of the year, the Conference & Expo, planned specifically with you in mind.

After the success of last year's tradeshow which had the highest attendance yet with almost 1,200 people on the tradeshow floor, there is a lot of buzz and anticipation for another successful event.

The Conference & Expo floor will be packed with almost 170 exhibits. It will be an excellent opportunity for you to have questions concerning your community association answered as well as shop for service providers and professionals that can assist you and your community homeowners in maintaining a successful community association.

Mark your calendars and Save-the-Date for the 2017 CAI-NJ Annual Conference & Expo as it will take place on Wednesday, October 18, 2017 at the New Jersey Convention and Exposition Center at Raritan Center, in Edison New Jersey. Changing to the new venue will make the tradeshow more accessible and convenient for our attendees. The larger educational rooms will allow for more seating and a new caterer will provide an updated complimentary breakfast and lunch buffet.

As always, four educational programs will be offered, one for each of our three member representation groups, Community Association Volunteer Leaders, Community Managers and Business Partners. The final program offering will be the Legislative Update, a discussion on legislative and regulatory issues affecting common interest

communities. Continued education credits will be available for these programs.

The exhibitors are very excited to incorporate the "Carnival" theme in their booths, making it a fun day for all attending. And don't forget, you will once again have the opportunity to participate in the \$5,000 cash drawings throughout the day. Everyone will be entered into the five - \$1,000 cash drawings – one every hour!

"In addition to the education offered at the Conference & Expo, there are already twelve educational programs on the 2017 CAI-NJ calendar..."

New Educational Offerings Throughout the Year.

In addition to the education offered at the Conference & Expo, there are already twelve educational programs on the 2017 CAI-NJ calendar, created specifically for our members, by our members.

The Managers and Business Partners will join together to present three roundtables in different areas of the state. A southern roundtable will take place in mid-spring, a central session during the summer and a northern session in the fall. The Manager's committee also plans on hosting the third in the series of the Managers Leadership Workshop.

The Community Association Volunteer Leader (CAVL)

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CHAPTER TRENDS

BE A PART OF THE TREND! Submit your company's or association's news, milestones and achievements to us at communitytrends@cainj.org for publication in the Chapter Trends section of *Community Trends*®.

The Falcon Group Welcomes Luis Lopez

Bridgewater, NJ — In January 2017, The Falcon Group hired Luis Lopez as their Drone Services Manager. Luis will assist in the growth of this recent venture for Falcon. He is a certified pilot with extensive engineering experience which makes him an excellent addition to the team. Mr. Lopez has a military background, an entrepreneurial spirit and over 13 years of mechanical engineering experience. His work experience ranges from running his own computer business to HVAC engineer to sprinkler CAD Designer to Certified Pilot. His credentials make him an excellent candidate to help grow Falcon Drone Services.

"I look forward to bringing all my knowledge and expertise to Falcon," says Luis Lopez. "I am excited about this new, challenging position and strengthening and growing our client base."



Courtesy CAI-NJ.

(above) Luis Lopez has joined The Falcon Group as Drone Services Manager

Falcon Drones Services department was formed in November 2016 to meet the demand to conduct safer and faster inspections. In addition, Falcon can now provide higher resolution thermal and 3D imaging for construction projects and energy audits. They can also assist property management firms with their marketing initiatives to take high-definition pictures and video to be used in marketing and promotional pieces.

"We are excited to have Luis on our team and know he will be an integral part of this department's success," says Andy Amorosi, Principal at The Falcon Group.

"We are excited to have Luis on our team and know he will be an integral part of this department's success," says Andy Amorosi, Principal at The Falcon Group.



Courtesy CAI-NJ.

(above) Keith Gazaille (left), Regional Director at SOLitude Lake Management, and Marc Bellaud (right), President, present Becky Snyder with her 2016 Volunteer of the Year award. Becky received the award for her ongoing commitment to mentoring young women in her local community.

SOLitude Lake Management Recognizes Three Outstanding Volunteers and Donates Over \$5,800 on their Behalf

Hackettstown, NJ – SOLitude Lake Management, an industry leader in lake and pond management, fisheries management and related environmental services for the United States, is pleased to name Becky Snyder and Ann Marie Dori as their 2016 Volunteers of the Year, and Shannon Junior as Volunteer of the Quarter for the fourth quarter of 2016. In recognition of their volunteering efforts last year, SOLitude has made charitable donations totaling \$5,860 to the International Order of the Rainbow for Girls, the Virginia Beach SPCA and the Rappahannock Animal Welfare League (RAWL).

Becky Snyder, Regional Administrator for SOLitude's New England territory, was named as a Volunteer of the Year after spending an impressive 125 hours volunteering in 2016 and participating in 27 volunteer events throughout the year. For nearly two decades, Becky has regularly volunteered as an adult advisor with the International Order of the Rainbow for Girls, a non-profit organization that strives

CONTINUES ON PAGE 14



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Political Action Committee

Support CA-PAC Today!

Dear CAI-NJ Members,

For close to twenty years, the Community Associations Political Action Committee has been the political arm of the New Jersey chapter of Community Associations Institute. As you may know, our legislative efforts in Trenton are vital to the future of the community association industry. Many of our elected officials lack a fundamental understanding of community association issues and many competing trade associations such as the realtors, homeowners, and bankers have large PACs and have been raising funds for many years. It is critical that we constantly work to be the authoritative voice on the issues that impact our members.

CA-PAC represents 6,700 community associations where approximately 1,350,000 residents live in 519,000 homes in New Jersey. When the legislature considers amending the laws that govern community associations members of the legislature should turn to CAI-NJ for advice. One way we can educate these legislators and grow awareness of our industry is with a strong Community Association Political Action Committee (CA-PAC).

By pooling our resources we raised over \$30,000 in 2016 and we are on track to meet our 2017 fundraising goal. The money you contribute ensures that people who understand the community association industry are elected or reelected to serve in Trenton. I challenge you to join me in preserving the future of the community association industry by contributing to CA-PAC. With your support we can surpass our 2017 fundraising goal of \$35,000. Please send in your contribution today.

Thank you,

James Rademacher
President, Community Association Political Action Committee

2017 CA-PAC Contribution Form

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CHAPTER TRENDS...

from page 12.

to give girls the tools, training, and encouragement to let their individual spirits shine bright. As a mentor to the young women in the organization, she has been instrumental in teaching them how to be confident leaders in their community. Becky also serves as SOLitude's volunteering team captain for the New England region. Over the past year, she has done a tremendous job of organizing new and interesting team events and inspiring her colleagues to help support their local communities. Team volunteering events that Becky coordinated in 2016 included volunteering with the Worcester County Food Bank, starting a supply drive for the Worcester Animal Rescue League, creating an office fundraiser for the American Cancer Society, and scheduling an Earth Day cleanup on the Blackstone River.

Ann Marie Dori, Marketing Project Coordinator at SOLitude, spent 209 hours volunteering in 2016 and was also named as a Volunteer of the Year. Ann Marie participated in 95 volunteering events and volunteered for a number of organizations throughout Southeastern Virginia including the Virginia Beach SPCA, Lynnhaven River NOW, Virginia Peninsula Foodbank, The Virginia Gentlemen Foundation, and the East Ocean View Civic League. Every Monday night, you can find Ann Marie at the Virginia Beach SPCA satellite cat adoption center caring for adorable kittens and cats who are awaiting their forever

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CHAPTER TRENDS...

from page 14.

homes. In addition to helping prepare 144 cats and kittens for their new homes this year, she also participated in a phone-a-thon fundraiser as well as the SPCA Puttin' for Paws event. One of Ann Marie's other passion-projects in 2016 involved working as project leader with the East Ocean View Civic League (EOVCL) to design and build a rain garden at the recreation center in her neighborhood. Ann Marie, members of EOVCL and 40 volunteers planted and mulched 5,700 square feet that included 984 total plants. The rain garden was a great success and now successfully absorbs runoff and helps to reduce flooding and pollution of surrounding waterbodies.

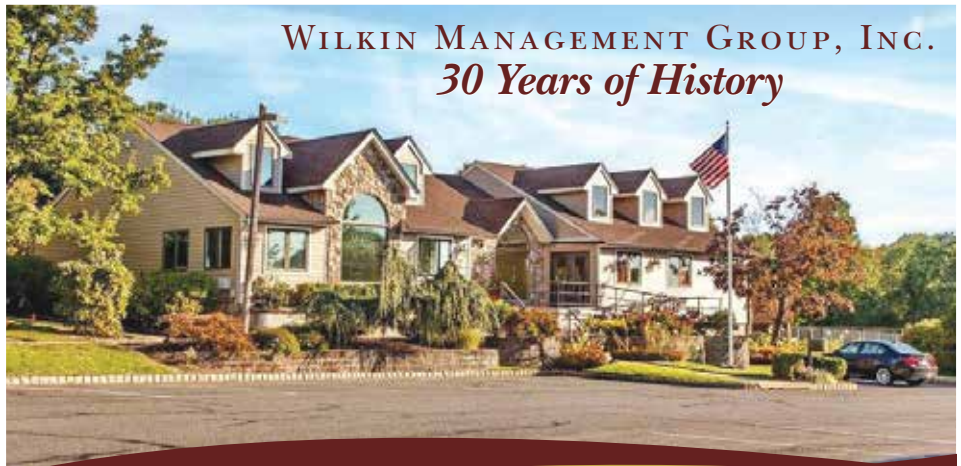
Shannon Junior, Aquatic Ecologist and Senior Business Development Consultant at SOLitude, was named as Volunteer of the Quarter and volunteered 51 hours in the fourth quarter of 2016. Shannon spent almost every Saturday of the fourth quarter, and throughout the year, at day-long PetSmart adoption events, bringing dogs from her local Madison County Animal Shelter to meet with potential forever families. Shannon manages the shelter's Facebook page, committing endless hours of time photographing and showing off the uniqueness of each of these beautiful animals. She also makes tie-dyed doggie bandanas and t-shirts, and donates 100% of her sales back to the shelter. Through all of her efforts last year, Shannon helped 103 dogs find their permanent homes.

Every year, SOLitude Lake Management staff earns points for their volunteer time and, based on the

amount of points earned, the company then rewards them with a gift card or donation to a non-profit of their choice. SOLitude matches the reward amount when it is directed to a non-profit. Becky Snyder directed her \$1,060 donation to the International Order of the Rainbow for Girls, and Ann Marie Dori directed her \$2,800 donation to the Virginia Beach SPCA. Shannon Junior directed her donation of \$2,000 to the Rappahannock Animal Welfare League (RAWL).

Patricia Want, Shelter Director at RAWL, expressed her gratitude. "I would like to thank you for your generous donation of \$2,000 to the Rappahannock Animal Welfare League. Your donation will help us to continue to rescue unwanted, aban-

CONTINUES ON PAGE 57



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THE BUSINESS JUDGMENT RULE



How Individual Board Members Can Avoid Personal Liability For Actions of the Collective Board

By Gene Markin, Esq.
Stark & Stark

Like directors of corporations, association board members enjoy various legal protections in the execution of their duties. First and foremost is the business judgment rule, which shields Board members acting in good faith from personal liability. Only when the actions of the board are in contravention of the association's governing documents or

the Condominium Act, or are fraudulent, unconscionable or self-serving does personal liability attach. Generally, as long as board members act reasonably and in good faith to make informed decisions, they will be insulated from personal liability should those decisions turn out bad or be challenged.

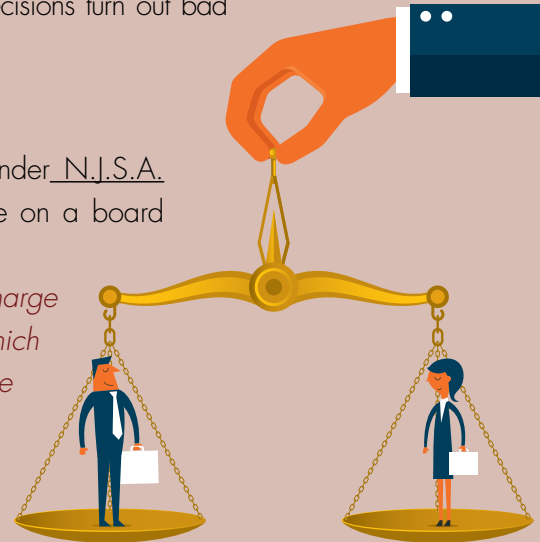
1. BOARD MEMBERS' STANDARD OF CARE

Since condominium associations are organized as non-profit corporations under N.J.S.A. 15A:1-1 et seq., the New Jersey Nonprofit Corporation Act is quite instructive on a board member's standard of care:

Trustees and members of any committee designated by the board shall discharge their duties in good faith and with that degree of diligence, care and skill which ordinary, prudent persons would exercise under similar circumstances in like positions.

[N.J.S.A. 15A:6-14.]

Accordingly, the overriding scheme of the Condominium Act requires board members, as fiduciaries, to make decisions for the protection of the whole condominium and each of the constituent owners; not to act discriminatorily,



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BUSINESS JUDGEMENT...

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arbitrarily, or in bad faith. See *Billig v. Buckingham Towers Condo. Ass'n I, Inc.*, 287 N.J. Super. 551, 563 (App. Div. 1996). This fiduciary relationship requires the board to act in accordance with the Condominium Act and its own governing documents as well as for its actions be free of fraud, self-dealing, and unconscionability. In other words, all that the law demands is trustees act reasonably and in good faith using the degree of skill and care an ordinary person would exercise under similar circumstances. If a contested act of the association meets each of these tests, the courts will not interfere or substitute the court's judgment for the judgment of the board.

2. APPLICATION OF THE BUSINESS JUDGMENT RULE

New Jersey courts considering the application of the business judgment rule have concluded the scope of judicial review of condominium association decisions is limited to a two-pronged test: (1) whether an association's action was authorized by statute or its own bylaws and, if so, (2) whether the action was fraudulent, self-dealing or unconscionable. *Thanasoulis v. Winston Towers 200 Ass'n*, 110 N.J. 650, 655 (1988).

In *Thanasoulis*, the New Jersey Supreme Court considered whether a rule adopted by the Board of Directors of a condominium association increasing the parking fee for tenants of nonresidents owners but not for those of resident owners constituted a breach of the board's fiduciary duty to the nonresident owners. In

a 4-3 decision, the Supreme Court determined that the association was without requisite authority to enact the revised parking fee schedule in such a discriminatory manner, and thus failed to meet even the first prong of the test. The majority held that the association's regulation was not authorized by either the Condominium Act or the condominium's master deed. The Court noted that by substituting itself as the lessor of the unit owner's parking space and thereby severing the owner's right to the parking space, the association had, in effect, confiscated for its own use the value of the unit owner's parking space. The Court reject the argument that the regulation was a security measure aimed at the prevention of subletting parking



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"...all that the law demands is trustees act reasonably and in good faith using the degree of skill and care an ordinary person would exercise under similar circumstances."



spaces to people not residing in the building since the same end could have been accomplished through other means.

Perhaps the clearest explication of

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BUSINESS JUDGEMENT...

from page 23.

the business judgment rule is contained in *Papalexioiu v. Tower West Condo*, in which individual unit owners challenged the authority of the board to levy a special emergency assessment upon the membership. In upholding the assessment, the court stated that for directors to be protected by the business judgment rule “[a]ll that is required is that persons in such positions act reasonably and in good faith in carrying out their duties. Courts will not second-guess the actions of directors unless it appears that they are the result of fraud, dishonesty or incompetence.” 167 N.J. Super. 516, 527 (Ch. Div. 1979).

The business-judgment rule, however, will not provide protection when the

action of the board is in violation of the Condominium Act, the association’s master deed or the by-laws. *Micheve, L.L.C. v. Wyndham Place at Freehold Condo. Ass’n*, 381 N.J. Super. 148, 154 (App. Div. 2005), certif. denied, 186 N.J. 256 (2006); see also *Verna v. Links at Valleybrook Neighborhood Ass’n*, 371 N.J. Super. 77, 93 (App. Div. 2004) (Only when a board’s actions are authorized and of the type that justify application of the “business judgment” rule, will a court refrain from second-guessing its actions).

Generally, enforcing rules and other constituent document provisions, such as the duty to collect assessments, is an area of special sensitivity for board members and associations, which may be attacked for breach of fiduciary duty for failure to enforce as well as for discriminatory enforcement. In

Glen v. June, 344 N.J. Super. 371 (App. Div. 2001), the court found an association had breached its fiduciary duty by depriving an owner of the use of his driveway, a limited common element, and a garage, which was apparently part of his unit. The court concluded an award of damages would be appropriate for the breach of fiduciary duty. The court also found that an attempt to humiliate the owner by piling snow in his driveway was a breach of fiduciary duty, although it offered no remedy for that incident.

Self-dealing must likewise be avoided and facts which have a bearing on association concerns must be honestly and fully disclosed. The issue of self-dealing was addressed in *Owners of the Manor Homes of Whittingham v. Whittingham Homeowners Ass’n, Inc.*, 367 N.J. Super. 314, 323 (App. Div.



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2004), where board members were alleged to have breached their fiduciary duties by changing the method of calculating maintenance assessments (i.e., by re-measuring the units) several years after the condominium had been in operation. As a result, the monthly assessments for certain types of residences increased while decreasing for others. Allegations of self-dealing were rejected by the court because there was no evidence the association or board benefited by the re-measuring. Additionally, there was an independent business reason for the re-measurement – the source of the developer measurements were unclear and contradicted by architectural drawings.

Therefore, in order to pierce the business judgment rule, a claimant must present evidence the board or an individual board member received some type of direct benefit from an authorized act of the board.

3. RELIANCE ON ADVICE OF COUNSEL

A board that acts in reliance upon advice of its experts and legal professionals cannot be held liable for negligence or breach of fiduciary duty if that advice turns out to be wrong. A provision of the New Jersey Nonprofit Corporation Act specifically provides board trustees will not be liable if they, acting in good faith, rely on the opinion of counsel. N.J.S.A. § 15A:6-14.

Therefore, condominium boards are encouraged to seek the advice of counsel; however, as a practical matter, trustees should always use their best business judgment in making informed decisions that affect the association and its members. ■

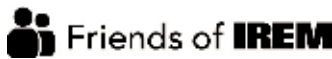


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2017 Joint Economic

Seventy-five members of CAI-NJ and IREM (Institute of Real Estate Management) came together for the 2017 Joint Economic Breakfast on Tuesday, February 7, 2017 at the Forsgate Country Club in Monroe Twp..



Forecast Breakfast

Jeffrey G. Otteau, President of Otteau Valuation Group spoke on the interplay between New Jersey's economy and the 2017 real estate markets during this informative session.



Fraud

It Can Happen

By Chris Frederick, CPA
Wilkin & Guttenplan, P.C.

When the average person hears “fraud” they immediately think of huge schemes that play out over years and result in the misappropriation of thousands or millions of dollars. Those schemes eventually become huge stories played out in the news. We may hear stories of how senators had illegal kickbacks, or someone like Bernie Madoff embezzling millions from his clients. What you don’t typically hear often, is how the association down the street lost hundreds or thousands of dollars through theft or fraud. Although it is highly unlikely that fraud opportunities will ever be 100% removed from any organization, it is the responsibility of every board member to ensure their association’s risk of fraud be minimized. The best and easiest way to minimize fraud risks are through an adequately designed and properly implemented set of internal controls.

As auditors, we typically conduct various tests and certain interviews during our standard audit which could uncover fraud, however, the standard annual audit’s objective is not to detect fraud within an organization. Rather the main objective is to declare those specific statements free of material misstatement, which includes material fraud. Below are just a few of the many situations we have encountered over the years including the manner in which the fraud was detected. Additionally, the steps the board could have taken to remove the fraud risk are also outlined.

As a note, the situations have been altered slightly as to not reveal the associations they effected.

“Don’t Be So Controlling”

Situation: Property manager has majority control over the finances of the association, as a result, the property manager cut and paid for services that were never performed at the association. This could be done through a related entity, like cleaning or maintenance, the related entity would provide invoices for services that were never completed at the association and the property manager would cut and sign the check and pay the bill.

How the Fraud was Perpetrated: The property manager was providing factious invoices in order to divert the association’s cash with what, on the surface, appeared to be legitimate invoices.

Clue: The association had multiple service contracts in place including pest control, with unrelated third parties. At the same time, the property manager created a factious company with an appropriate sounding name, for example, “Vermin-X”, and submitted monthly bills for pest control services which were performed under the terms of the valid third party contract.

Detection Method: As we reviewed invoices and contracts during our expense testing, we noted that multiple vendors

CONTINUES ON PAGE 30

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FRAUD...

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were alleging to complete the same service, for example, "May preventative spraying". We identified the situation, presented our findings to the board who indeed confirmed that the second unknown company had never been hired to provide the

standard pest control services for the association.

Recommendation: Review invoice registers and check remittances monthly, and if anything seems out of sorts or unfamiliar, follow up and request to see actual invoices.

"Ensure the Funds are Accounted for"
Situation: The association suffered

severe damage which was covered by the insurance policy. The total loss resulted in an insurance claim in excess of \$300,000. In order to maintain accurate reporting for the claim the association decided to open a separate bank account to track the project apart from the operating fund of the association. One of the board member's volunteered to oversee the account and convinced the rest of the board to allow her to be the point person for the claim and all subsequent repairs. There was no oversight on this account and the board member ended up spending some of the money on personal expenses.

How the Fraud was Perpetrated: Lack of oversight allowed the board member to have unabated access to the funds in the insurance account and they ultimately decided to use the funds for personal use.

Clue: When we, as auditors, began to reconcile the income and expenses from the claim and there was less cash in the account than the ledger suggested. Overall the bank account wouldn't reconcile.

Detection Method: As part of the audit procedures we confirm and reconcile all cash accounts. The ending cash value did not reconcile to the income and expense originally provided for the insurance account. Further investigation led us to additional disbursements without support; ultimately those additional checks were proven to be fraudulently paid.

Recommendation: A system of checks and balances should be in place so one person does not have unilateral

CONTINUES ON PAGE 32



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FRAUD...

from page 30.

control of any aspect of the financial process. In this case, someone else should have been reconciling the account monthly and reviewing any anomalies. Additionally, the entire board should have had access to the reconciliations since the entire board

has the fiduciary duty to act in the best interest of the association.

"Bidding Your Money Adieu"

Situation: The association did not have a set bidding policy, and as a result, for a significant HVAC improvement, the in-house property manager had no responsibility to acquire multiple bids for such a large scope of

work. As a result, the manager gave the work to a HVAC Company that he knew quite well for a cost well in excess of the anticipated replacement cost from the association's replacement study. After the work was complete, the association paid out the vendor in line with their contract. Upon receiving the payment from the association, the HVAC vendor provided a substantial gift to the property manager.

How the Fraud was Perpetrated:

Lack of a proper bidding policy allowed the property manager to unilaterally assign a major contract to a vendor without board approval.

Clue: When we, as auditors, began to conduct our fieldwork, we noted a major expense which did not appear to have any type of recognition at a board meeting, or other board approval before the project took place.

Detection Method: As part of the audit procedures we review all the available board minutes and contract related to major projects to ensure that a proper bidding process was followed. Once we noted that the board did not obtain multiple bids for the work, we brought that to the attention of the board. It was not until sometime later that the kickback to the property manager came to light.

Recommendation: A system of checks and balances should be in place so one person does not have unilateral control of any aspect of the financial process. In this case, someone else should have been reconciling the account monthly and reviewing any anomalies. Additionally, the entire board should have had access to the reconciliations since the entire board



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has the fiduciary duty to act in the best interest of the association.

How Can Associations Protect Themselves

It is certainly eye opening to consider the funds the members of the association are contributing monthly could be syphoned and not used for their intended purpose. It is very important that all board members have an understanding of the controls in place with their management company or in-house staff to mitigate risks. Once the procedures and policies are outlined and in place it is even more important to ensure that those procedures are being properly followed. An organization can have the best procedures and policies, but if they are not properly implemented they have little actual value to the association. A few

CONTINUES ON PAGE 49

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- James M. Rademacher, *Rezkom Enterprises, Inc., Ocean, NJ*
- David Shahrabani, *Popular Association Banking, Miami Lakes, FL*
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- Dan Turi, *G & C Electronics, Toms River, NJ*
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SEPTEMBER 28
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MAY 18
TBD
MORRISTOWN

DECEMBER 14
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SPOTLIGHT ON SERVICE

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OPERATION INHERENT RESOLVE ONE MISSION, MANY NATIONS

By Kari Valentine, CMCA, AMS
Associa Mid-Atlantic

I'm borrowing the mission name the USS Dwight D. Eisenhower deployed under as it speaks to why I'm so very proud of my son's, Airman William T. Kogan (Wil), Naval service. The USS Eisenhower deployed in support of Operation Inherent Resolve, which is a coalition led by the U.S. to degrade and defeat the Islamic State of Iraq and the Levant (ISIL - more commonly known as ISIS).

The group deployed to the U.S. 5th (Persian Gulf, Red Sea, Arabian Sea, and parts of the Indian Ocean) and 6th (The Mediterranean Sea and the Black Sea) Fleet areas of responsibility and provided maritime security, conducting combat missions and launching F/A-18 strikes against ISIL in Syria and Iraq. The Navy considered the strike group's support of Operation Inherent Resolve, Operation Odyssey Resolve and Operation Oaken Steel integral to each mission's success.

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way, and you are counting on the surrounding ships to destroy them while you do your job. It takes precision and complete concentration amid chaos not to make a mistake. The mission of everyone on that carrier is putting missiles or bombs loaded onto the aircraft and getting that aircraft launched. Professionalism must be on display all times every day. Everyone on the flight and hangar decks needs to survey their surroundings continually. You let your mind drift, and you will get hurt or killed.

Each different colored shirt on the flight deck has a different job of its own. Blue moves aircraft, purple delivers fuel, red loads bombs and missiles, green works catapults and wires, brown handles maintenance and inspections, white ensures safe operations, and yellow controls the chaos. Wil wore the blue shirt and moved helicopters and planes on the flight deck in temperatures that topped 167 degrees wearing long pants, long-sleeved



Airman William T. Kogan

CONTINUES ON PAGE 38



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SPOTLIGHT ON SERVICE...

from page 36.

shirt, helmet, sound insulators, gloves, goggles, a balaclava, and boots. On occasion, the ship would be at such a pitch when moving the aircraft that the horizon was obscured.

Depending on the current mission, it was not uncommon to work 24-48 hours, with only short breaks to either sleep or eat.

The conditions weren't always ideal as the ship is

mechanical and hence subject to breakdowns of its various components. Whether it was the water filtering systems, air-conditioning, or showers, conditions were severe as they were coupled with the knowledge that anti-ship cruise missiles, submarines, and other ships were doing whatever they could to destroy the ship under your feet.

Wil went into the Navy shortly after High School as a means towards his desire to get into Federal law enforcement. As any 18-year old is he was confident of his ability to get through with the minimum of difficulty. As his mother, I realized he would have challenges he never considered.

While Wil had always worked hard and, as an A and AA ice hockey player, was accustomed to extreme physical exertion he was non-the-less ill-prepared for the realities of military life, especially once deployed. For most of his time in the service, his ship was dry-docked, so boredom was the real enemy for someone like Wil. It was during his last year in the service that his ship was deployed and it was those months I saw the greatest change and the most maturity.

When he went into the Navy Wil was so very certain that what he knew of people and life would remain constant. He was always generous of heart and spirit, and I am proud those things are still true today. What has changed is they are now tempered with wisdom. He is not bitter or angry as some are who are quick to blame others for their challenges. Rather he looks at the lessons he has learned and is grateful that he learned them in a relatively short period when some, many years his senior, have not learned at all.

One of the biggest challenges sailors have is the isolation amongst thousands. There are few places one can go to get quiet and those often are not available. How many times has each of us come home from work from a particularly challenging, hot, muggy day to only take off our clothes and take a nice refreshing shower? Then we pour ourselves a cold drink, sit down, put our feet up and shut the world

"One of the biggest challenges sailors have is the isolation amongst thousands."

SPOTLIGHT ON SERVICE

With great respect for those who serve our country, the Editorial Committee of CAI-NJ is seeking spotlights on service members. This can include members active or inactive in the United States Armed Forces.

Please take this opportunity to spotlight someone you know and help the CAI-NJ community recognize and thank them for their service to our country.

Criteria:

1. Must be a member of the United States Armed Forces, active, inactive or has served.
2. Must be either a:
 - a. Member of CAI-NJ (Manager, Board Member, Business Partner or Business Partner Employee)
 - b. A parent, spouse or child or a CAI-NJ member (classified above)
3. Must include 500 to 1,000 words about their service along with a photo

For questions or to submit a "Spotlight on Service" contact Jaclyn Olszewski at jaclyn@cainj.org.

out. In temperatures that average 135 degrees, anything cool is better than gold. And when the ice machines go down, and drinking water is rationed, and you haven't slept or showered for a few days morale is low. It takes someone of mental strength to deliberately search for something they can hold onto to get them through the months at sea between liberties. Wil did this. To occupy his mind, he took every qualification he could and ended up with more than most with his rank. He also took some college classes when they flew instructors onto the ship. To escape, he would call or write home. And when communications were shut down due to operations, he wrote in a notebook to exercise that world out of his head.

Wil found coping mechanisms not just to get him through the stressful and challenging times but to make himself emotionally and psychologically stronger. He now takes responsibility when things don't work out as he wanted. Gone are the excuses and in their stead are possible solutions. Equally, gone is the boy and in his stead is a man any would be proud to call son. His senior chiefs must also have noticed the maturity in Wil for not only did they charge him with training during deployment he was flown home as one of 250 excellent seamen out of over 5,000. He took a military plane, a train, and a bus to get home totaling 39 hours of travel without sleep. His homecoming was a surprise I will never forget and for which I will always be grateful. But it wasn't until he had been home for five days and I heard him laugh for the first time since he'd been home that I knew my son was back. ■

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MANAGEMENT TRENDS

Fit Test Your Financials Each Fiscal Year

By Christopher Nicosia, CMCA, AMS, MM
Prime Management, Inc.

How fit are your community's financial statements? Do the individuals that use the statements to make decisions get a clear picture when they glance over the balance sheet or do they have to "decipher" them to understand the financial position of the association? Performing a financial fit test and looking for key items like those listed below can help improve financial reporting and improve on a community's financial fitness.

Budget Line Items

One area that can cloud the financial picture of the Association is line items in a budget. More specifically, grouping expenses into one-line items as opposed to giving each expense its own General Ledger (G/L) account can create a skewed financial picture.

For example, an association has lighting expenses for street lights, clubhouse and building lighting but lumps all utilities together on the budget. If one area has a spike in usage, the entire line item increases. Now – without looking at each bill to find out where the increase is coming from, there is no way to identify the culprit because the budget is not sufficiently broken out to provide more specific information. If three separate line items with three separate G/L codes were included in the budget, each category (street lights, clubhouse and building lighting) could be tracked and variances would be more easily identified. This is especially important the larger the association's budget becomes, as one category could include a large amount of funds that are difficult to breakout without separate line items to keep track.

Capital Reserve & Deferred Maintenance Accounts

Another group of items that should be clear on the financial report are association funds. Each fund should be accounted for separately on the balance sheet, so board members and



other stakeholders can easily see how much is in each fund and the respective cash balances available each month. As an example, Capital Reserve and Deferred Maintenance funds are used for different types of projects and have different rules governing their use. Comingling the funds can create a skewed picture and makes it difficult to know how much is allocated to each account. This can cause problems down the line, especially if accounts owe each other money due to shortfalls in funding or project cost overruns. Additionally, there may be IRS implications for co-mingled funds as it relates to Capital Reserves. Instead, each fund account should have its own G/L account for tracking the cash account and fund account for quick and easy reference at any given time. Additionally, once accounts reach certain thresholds, they are usually invested financial instruments, such as CDs, bonds and other "safe" investments that allow for growth over time while protecting the principle investment. If funds are co-mingled, it becomes difficult to know what funds are where and makes allocation that much more difficult as time goes on.

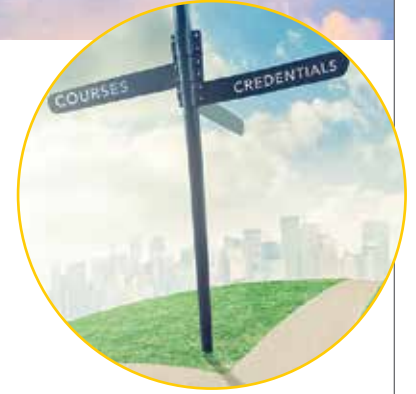
Accounts Receivable

One area that has become a major area of discussion for communities is bad debt and allowance for doubtful accounts.

CONTINUES ON PAGE 61

m-100

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Jules C. Frankel
Manager Education Assistance Program

2017 PROGRAM

Jules C. Frankel was a long time member of CAI and was a key figure in the success and growth of our chapter. Jules was President of our chapter in 2000. Jules also received the following awards from CAI-NJ: Speaker of the Year in 2003 and Author of the Year in 2004. Jules was inducted in the CAI-NJ Hall of Fame in 2003. Jules was a staunch advocate for manager education and training and was always willing to help with seminars and industry educational programs.

The Jules C. Frankel Manager Education Assistance Program (MAP) was developed to assist New Jersey Managers in the common interest community industry in furthering their educational and professional development goals. The MAP provides the opportunity to any credentialed CAI-NJ Manager member in good standing to apply for a scholarship.

CAI-NJ will provide a fifty (50%) reimbursement per course to select managers for any of the 200 or 300 courses offered by CAI. More than one award may be given per applicant. CAI-NJ will be hosting the M-205 (Risk Management) class and the M-340 (Managing the Large Scale Association) during 2017.

All awards must be approved by the CAI-NJ Board of Directors. Accordingly, a submission does not guarantee any applicant assistance. Awards are at the sole discretion of the CAI-NJ Board of Directors.

Please review the guidelines and visit www.cainj.org/map to download and application. If you have any questions, please contact the CAI-NJ office at 609-588-0030 or info@cainj.org.



Community Associations Institute NJ Chapter
Jules C. Frankel
Manager Education Assistance Program

GUIDELINES AND APPLICATION PROCESS

Award:

- The MAP awards a deserving candidate \$250 per course (200 and 300 level only) towards the PMDP course of his/ her choice. More than one award may be given during a calendar year.
- The Scholarship Review Group will award scholarships once per year on or by April 13th.
- Scholarships must be used for PMDP courses offered by any CAI Chapter or CAI National. Courses may be in person or online.

Eligibility:

- You must be an active CMCA, AMS, or PCAM to qualify for the program
- At the time of the application and the reimbursement, you must be a member in good standing with the Community Associations Institute and the New Jersey chapter of CAI.
- You must have attended at least 3 CAI-NJ events during the last 12 months.
- You must provide a follow up piece that will be printed in the Community Trends magazine that summarizes your experience with the MAP and the ways that it has allowed you to advance your professional goals. CAI-NJ reserves the right to modify any content prior to print.

Deadlines:

- All applicants must submit entry no later than April 1st in order to be considered for a scholarship award. Selections will be made no later than April 13th.

Process:

- Interested candidates must fill out the attached application and submit an essay for review prior to April 1st. All entries must be typed and complete to avoid disqualification. Entries must be mailed to the chapter office or printed to PDF and emailed to larry@cainj.org.
- Anonymous essays are evaluated and award recipients will be selected by the Scholarship Review Group. Should there be a conflict on the committee (meaning that a company representative is evaluating an entry for the same company), that committee member will remove themselves from the process and not participate in the review/ selection of the candidates. Since this is an anonymous process, the chapter Executive Director will inform the Scholarship Review Group members of the conflict.
- Selected managers must turn verification of course completion to the CAI-NJ office within 30 days of conclusion of the course to receive the scholarship reimbursement.

To apply, visit www.cainj.org/map

Chapter Contact Information
Larry Thomas, PCAM ~ Chapter Executive Director
500 Harding Road, Freehold, NJ 07728
Tel: 609-588-0030 Fax: 609-588-0040
Email: larry@cainj.org



(December 1, 2016 to
January 31, 2016)

One New Member

Leonard Barber, CMCA, PCAM
Donna M. Belkot, CMCA, AMS
Meghan A Dirkes
Christopher M. Nicosia, CMCA, AMS
Mila McDonough
Edward San George, PCAM
Lawrence N. Sauer, CMCA, PCAM

Two New Members

Craig Thompson, CMCA, AMS

Seven New Members

Linda Kadel, CMCA, AMS



(January 1, 2017 to January 31, 2017)

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Chris DeSarno

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Michael May

Reina Renovations, LLC

Charles Reina

United Pool Services

Steve Rosati

Reserve Advisors, Inc.

Luke Runion

Community Association Volunteer Leaders

Springtop Condos

Peter Cassese

Twin Rivers Community Trust

Elisa Da Silva-Pannizzo

Windsor Haven Condominium Assn., Inc.

Linda Kinzinger
Robert Suto

Managers

Ted Blackburn

Katherine Louise Czyzyk

Princeton Manor

Kevin Fletcher

Shana Gallagher

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Jacqueline Dwyer

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(facing page) of this issue!

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CAI MEMBERSHIP APPLICATION

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Email: membership@cainj.org

MEMBERSHIP CONTACT (Where membership materials will be sent):

Name: _____

Title: _____

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Company: _____

Address: _____

City/State/Zip: _____

Phone: (W) _____ (H) _____

Fax: _____

E-Mail: _____

Select your Chapter: _____ NEW JERSEY

Recruiter Name/Co. Name: _____

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Complete only the portion of the remainder of the application that applies to your category of membership.

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Home Address: _____

City/State/Zip: _____

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- 5th Board Member \$425
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- 7th Board Member \$535

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BUSINESS PARTNER AFFILIATE:

Name of Primary Company Contact: _____

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Update
 9:30 am to 11:30 am

Q & A
 11:30 am to 11:45 am

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Update of 2016 Legislative Update Topics

- **Municipal Services** - Hear how NJ-LAC is advocating for advancements in the municipal services provided to your community including the maintenance of fire hydrants.
- **S 1832- Delinquencies and Expedited Foreclosures** - We are closer than ever to working with the banks and lenders to maintain vacant units and assume responsibility for maintenance fees. Learn more about the status of rent receiverships as an option.
- **Manager Licensing** - With a new administration coming to power next year, NJ- LAC is resuming efforts to pass legislation concerning community manager licensing and registration.
- **A 210- Solar Panel Installations** - A-210 proposes controls for regulation and installation of solar panels in your community. Learn what NJ-LAC is doing to protect your association.

New Bills since CAI-NJ's last Legislative Update

- **A 3683- Insurance Deductibles** - A 3683 deals with the associations ability to transfer the deductible to homeowners in condominium associations.
- **A 3431- Security Cameras in certain common interest community lobbies** - Is your community considered in this legislation? If passed, certain communities in high crime areas of our state will be required to install security cameras in designated areas.
- **S 2492/ A4091- Board Elections “Radburn”** (also S 1805/ A 3163). This legislation would alter the community association nomination and election process. Radburn is a community in Northern New Jersey with a controversial election process that is the center of these bills.
- **S 181- Snow Contractor Indemnification** - If passed as presently worded, snow contractors would be indemnified for any damage or injuries as a result of their snow removal/ ice control operations. CAI-NJ is involved in a coalition with several other organizations to meet with our elected officials and make sure our communities are protected.
- **A 1484- Rain Sensor Installations-** If you have a community controlled irrigation system, you may be required to install rain sensors to your system.

National Legislation

- **HAM Radio Legislation** - National legislation that has drastically advanced since our 2016 update sessions.
- **Music and Movie Licensing-** A national update from CAI concerning a community's responsibilities when playing music or showing movies.

All CAI-NJ members and non-members are welcome. There is no charge to attend. Space is limited. Pre-registration is required.

CONTINUING EDUCATION NOTICE: By successfully completing this program, the New Jersey chapter of Community Associations Institute (CAI-NJ) will approve two hours of credit for this program towards professional management development.

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FRAUD...

from page 33.

procedures that association board may want to consider are:

- Direct board approval and authorization of all contracts and invoices
- Board review of monthly accounts receivable and monthly revenue reconciliations
- Board review of monthly accounts payable aging
- Board review of monthly paid invoice listing

Monthly bank statement and reconciliation review by the board. As a note, the bank statement should not be reconciled by the same person that deposits funds or signs checks

The key with all policies, if there are any unexplained differences, unusual

charges, or unknown transactions the Board has the right and responsibility to follow up with those issues.

Summary

It is clear that fraud can happen within any organization and it is important to keep a watchful eye over all the financial transactions. This can be accomplished by installing a system of good internal controls which provide appropriate oversight and segregation of duties. It is equally important to select an auditor which has a thorough understanding of how association's operate and that utilize the most up to date auditing techniques to be most effective in detecting and preventing fraud. Vigilance is Key!! Please feel free to contact me or your Wilkin and Guttenplan advisor with any specific issues, questions, or concerns. ■



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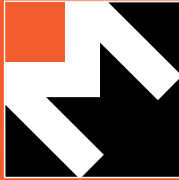
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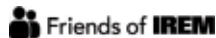
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Community Trends®,

Joseph Chorba, CPA,
Editorial Chair

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CHAPTER TRENDS...

from page 17.

doned, abused or neglected dogs, and to find loving homes for each and every one of them."

Susan A. Torrey, Supreme Deputy for the Intentional Order of the Rainbow for Girls, Grand Assembly of Massachusetts, praised Becky Snyder and thanked SOLitude. "The Grand Assembly of MA, IORG is pleased to accept the donation in honor of Becky Snyder's volunteerism to help our young teens transform into leaders throughout our Bay State communities. Role models like Becky inspire others just by doing what they feel is the right thing to do."

"Becky, Ann Marie and Shannon lead by example and inspire us all to help make the world a better place," said Marc Bellaud, President of SOLitude Lake Management. "We admire their support of the causes they care deeply about and their commitment to making a difference in their local communities."

The SOLution is a company-wide program that encourages the company and all employees to strive to "create a better world" through volunteerism, community outreach, sustainability and environmental consciousness. SOLitude's company leadership feels it is important to not only be good stewards of the environment, but also to fulfill company core values to "take action and be accountable" and to "protect and respect nature." To participate or share a non-profit's goals for consideration in The SOLution, contact info@solitudelake.com or visit www.solitudelakemanagement.com/solution.

CONTINUES ON PAGE 58



Photos courtesy CAI-NJ

(left) Shannon Junior was named SOLitude Lake Management's Volunteer of the Quarter for the fourth quarter of 2016. Shannon volunteers her time each week helping dogs at her local Madison County Animal Shelter find forever homes.

(right) Ann Marie Dori (right) directed her SOLution reward and donation as Volunteer of the Year to the Virginia Beach SPCA, and presented the donation check to Amanda Panuline Dunlap, Director of Adult Volunteers and Community Relations.



A large advertisement for Prime Management, Inc. The background is a blue-tinted landscape with a lake and trees. The logo features a stylized 'P' in a diamond shape. The text reads "Prime Management, Inc. Innovative management solutions." Below this is the website "WWW.PRIMEMANAGEMENTINC.COM" and "Residential and Commercial Association Management and Consulting Services". At the bottom, there are social media icons for Facebook, Twitter, LinkedIn, and YouTube. There are also logos for AAMC (Accredited Association Management Company), Community Associations Institute, and BBB (Accredited Business). The corporate office address is "684 East Bay Avenue • Barnegat, NJ 08005 • T: 609.693.0090".

CHAPTER TRENDS...

from page 57.

SOLitude Lake Management is full service lake and pond management company.

mem Hires Steven Harri-Das as New Regional Manager

mem property management, recently hired Steven Harri-Das as its new regional manager. Harri-Das graduated Phi Beta Kappa from Rutgers University in 2000, where he also received his J.D. Harri-Das's began his professional career at a large real estate investment trust best known for owning, managing, leasing, and redeveloping retail properties throughout the United States. Harri-Das's professional experience includes several years as a portfolio property manager, for a well-known full-service

property management firm in New Jersey and Harri-Das held a senior position at a major title insurance company in New Jersey. As an experienced real estate attorney, Harri-Das is well versed in the intricacies of New Jersey real estate law, with specialization in laws concerning condominiums and homeowners' associations and laws governing multi-family residential properties. As regional manager at mem property management company, Harri-Das will have supervisory management responsibility for the day-to-day operations of a number of residential properties throughout New Jersey. Harri-Das's key areas of oversight will include managing and delegating to property managers and ensuring property upgrades and repairs are completed in a timely manner and maintaining positive relations owners and board members. "Steven

has earned a well-deserved reputation in our industry for outstanding management skills and excellent judgment informed by his diverse experience working in and around the New Jersey real estate markets and we believe his skills are uniquely suited to our goals of enhancing property value through a combination of active management and personalized service by working closely with board members, committees, developers, residents and vendors," said Martin Laderman, CEO of mem property management, "we are very excited to have Steven join our team as our regional manager." "I am very pleased to join mem property management and look forward to contributing to the company's success as one of the very best property management companies in New Jersey," said Steven Harri-Das. ■



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INSIDE CONNECTION...

from page 11.

committee will also host a roundtable specifically for CAVLs in early fall plus both the Board Leadership Development Workshop and Ask the Experts Summit will take place in the summer.

Last year the Community Academic Lecture Series was introduced and we are pleased to say that all seats were sold out for every session. Since the series was so well received, five new lectures will be offered throughout the year. The first, "Aging in Place Within Your Community", was presented on February 21, 2017 by Glenda Carrol, CMCA, AMS, PCAM, LSM of Toll Brothers, Inc. and Nancy Hastings, CMCA, AMS, PCAM of Associa Mid-Atlantic, AAMC. The second session "An In-depth Discussion on Rent Receiverships, Foreclosures and Sheriff Sales", will be presented on April 25, 2017, by David Byrne, Esq. of Ansell Grimm & Aaron, PC and Maria Cassidy, CMCA of FirstService Residential. Details for three other sessions will be available shortly.

Attending our annual tradeshow and educational events will definitely be time well spent. You won't be disappointed. For more information about the Annual Conference & Expo and all of our educational offerings, visit our website www.cainj.org or feel free to contact Angela Kavanaugh at 609.588.0030 or angela@cainj.org with any questions. ■

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MANAGEMENT TRENDS...

from page 40.

Each year, any community that has delinquencies on maintenance assessments should budget a bad debt expense and should reflect an allowance for doubtful accounts on their balance sheet. This allows the community to manage cash flow for units that do not pay maintenance fees and creates a necessary accounting method for "writing off" debts that have a low likelihood of recovery and all means of collection have been exhausted. Under accounting principles, any corporation that has bad debt should be budgeting for it

"...it is important that the financials are presented accurately and in a format that is easy to understand."

accordingly. If you are not clear on how to incorporate bad debt into your budget each year or how to "write off" accounts, please contact your accounting professional to assist you.

With audit season in full swing, this time of year is perfect to analyze your financials to make sure key components are included, proper entries are made and the format is easy to understand. Financials are a vital tool for board members and managers alike; it is important that the financials are presented accurately and in a format that is easy to understand. Special thanks to Mohammed Salyani, CPA – Principal from Wilkin & Guttenplan, PC for his help during the authoring of this article. ■

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Mr. Scott Dalley, CMCA, AMS, PCAM, CPM
4 Walter E Foran Blvd Ste 311
Flemington, NJ 08822-4668
Phone: (908)237-9900
Fax: (908)237-1826
Email: sdalley@accesspm.com
Website: www.accesspm.com

Associa Mid-Atlantic, AAMC

Ms. Nancy Hastings, CMCA, AMS, PCAM
14000 Horizon Way Ste 200
Mount Laurel, NJ 08054-4342
Phone: (856)996-1640
Fax: (856)234-5479
Email: nancy.hastings@associa.us
Website: www.associamidatlantic.com

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Mr. Leonard Barber, CMCA, PCAM
408 Towne Centre Dr
North Brunswick, NJ 08902-1200
Phone: (732)821-3224
Fax: (732)821-6565
Email: len.barber@epmwebsite.com
Website: www.epmweb.net

FirstService Residential, AAMC

Mr. Michael Mendillo
21 Christopher Way
Eatontown, NJ 07724
Phone: (800)310-0326
Email: michael.mendillo@fsresidential.com
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Homestead Management Services, Inc., AAMC

Mr. Louis Curtis, CMCA, AMS, PCAM
200 Changebridge Road
Pine Brook, NJ 07058
Phone: (973)797-1444
Fax: (973)797-1499
Email: lcurtis@homesteadmgmt.org
Website: www.homesteadmgmt.org

Integra Management Corporation, AAMC

Mr. Edward San George, PCAM
200 Valley Rd Ste 203
Mount Arlington, NJ 07856-1320
Phone: (973)770-1500
Fax: (973)770-3669
Email: esangeorge@integramgtcorp.com
Website: www.integramgtcorp.com

JCR Management Services, Inc., AAMC

Mr. John Roberts, CMCA, AMS, PCAM
PO Box A
Point Pleasant Boro, NJ 08742-0810
Phone: (732)899-5524
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Mr. Glen A. Masullo, CMCA, PCAM
35 Clyde Road Suite 102
Somerset, NJ 08873
Phone: (732) 873-1258 ext. 205
Email: gmasullo@pcmsus.com

Premier Management Associates, AAMC

Ms. Lori Kenyon, CMCA, PCAM
140 Sylvan Ave Fl 3
Englewood Cliffs, NJ 07632-2514
Phone: (201)947-1001
Fax: (201)947-5005
Email: lkenyon@premiermanagement.net
Website: www.premiermanagement.net

Prime Management, Inc., AAMC

Ms. Barbara Drummond, CMCA, PCAM
684 E Bay Ave
Barnegat, NJ 08005-2465
Phone: (609)693-0090
Fax: (609)698-2517
Email: bdrummond@primemanagementinc.com
Website: www.primemanagementinc.com

RCP Management Company, AAMC, AMO

Ms. Mary Faith Nugiel, AMS, PCAM, CPM
10 Centre Dr
Monroe Township, NJ 08831-1564
Phone:
Fax: (609)683-5495
Email: mnugiel@rcpmanagement.com
Website: www.rcpmanagement.com

RMG, Regency Management Group, Inc., AAMC

Ms. Elaine Warga-Murray, CMCA, AMS, PCAM
605 Candlewood Commons
Howell, NJ 07731-2173
Phone: (732)364-5900
Fax: (732)905-8606
Email: ewm@regencymanagementgroup.biz
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Mr. Paul Santoriello, PCAM
80 South Jefferson Road
Whippany, NJ 07981
Phone: (973) 296-9000
Fax: (973) 267-0943
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