

Association of Condominium,
Townhouse, and
Homeowners Associations



ACTHANNEWS

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Upcoming ACTHA Events

“Learn & Lead: ACTHA’s Certified Leader” Program: Check web site for course date/time/location concluding May 6

Wed., May 14: “So You Bought into a Community Association” - Palatine

Wed., May 21: “Insurance” - Chicago

For details, visit www.actha.org

Replacement Fencing: How to Make the Best Choice

By: John Belli of Tru-Link Fence & Products

HOA boards and property managers have more options than ever when it comes to replacement fencing – including, finally, a high-quality vinyl fence with realistic wood grain look and texture.

What that means, of course, is that you have homework to do: Whether your need is for perimeter fencing – the biggest investment and, from an image standpoint, the most important – or protective fencing around pools and other security areas, there is a huge array of fencing products and quality.

From a budget standpoint, the key is to choose fencing that will **(1)** continue to be attractive for several years; **(2)** require little maintenance; and **(3)** define and distinguish your property. Think beauty, privacy and security – and cost efficiency.

The good news is that you have several good fencing choices.

Our experience with homeowner associations and property managers is that most prefer composites and other wood-like fencing. This year, however, the new wood-grained vinyl fencing is an option you might explore.

To help, here is some basic fence materials and style information:

Wood composites. Polyethylene-and-wood composites are environmentally friendly and provide long life, low maintenance and lasting good looks – attributes that make both owners and maintenance staff happy. Wood

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TIP OF THE MONTH

INTERNAL CONTROL IDEAS FOR ASSOCIATIONS

You may have read recent newspaper accounts of fraudulent activities involving theft of association funds. A few simple safeguards can reduce exposure to these activities in homeowners associations, large and small.

Term limits – limit a board member’s election to two terms, i.e., two two-year terms or two three-year terms. Nothing sheds more light on a position of authority than periodic turnover.

At least one board member should be authorized to sign checks from the Operating Fund and an additional officer authorized as a required second signer for payments from the Reserves Fund. Similar controls should be installed on electronic payments using on-line reviews.

Officers who are authorized to sign checks or electronically pay should not have the additional authority of approving vendor invoices for payment.

A board member, typically the Treasurer, should approve and sign off (or, possibly perform) monthly bank reconciliations.

Financial statements should be distributed on a frequent and timely basis to board members and owners. In larger associations, financial statements distributed monthly to Board Members and quarterly to Owners provides more review of transactions and more opportunity for questions. When monthly financial reports and bank reconciliation are significantly late, fraud might be the cause.

Monthly statements should include comparison of actual expenses with budgeted expenses. Significant unfavorable variances between actual and budget could serve as an alert that special assessments may be necessary.

A recommended audit procedure would be to request, on a sample basis, original vendor invoices and cancelled check copies so that vendor invoice due dates can be compared with the actual dates paid. Vendors might be intentionally paid late to cover up a fraud.

Insure that the financial statements are produced in accordance with generally accepted accounting principals as defined in the AICPA’s Audit and Accounting Guide for Common Interest Realty Associations, updated annually by the AICPA. Copies may be ordered at 1-888-777-7077 or online at www.cpa2biz.com.

Larger organizations should arrange for an annual audit by a CPA.

Because of the reduced scale of financial activity, small associations might adopt fewer of the above procedures because their reduced transactions should result in more transparency for owners. Large organizations should consider adopting all or most of the above procedures to minimize opportunity for fraud.

George Panagakis, CPA, ACTHA Board Member, panagakis@rcn.com

Board of Directors

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Legal Advisors: Rob Kogen, Kovitz, Shifrin Nesbit / Charles VanderVennet, Attorney in private practice

Accountant/Advisor: Garry Chankin, Frost Ruttenberg & Rothblatt, C.P.A.

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composites generally score well in strength and stability; the better ones in this category have been certified to withstand winds of 100 miles an hour or more.

Appearance and privacy are important positives with this type of fencing. One of the most popular styles incorporates a system of interlocking pickets that results in almost complete visual privacy.

Finishes generally are a saddle-like color and require no staining or painting.

Pressure-treated wood. Pressure-treated pine has a natural wood look that appeals to many owners. This type of fencing protects well against decay and insects – one manufacturer has a 25-year limited warranty against rot, for example – and requires very little upkeep.

A variety of picket, spaced picket and shadow box styles offer different looks.

Vinyl wood grain. The fencing industry has tried for many years to produce a high-quality vinyl fence that looks less like vinyl and more like wood. This year, fencing that melds an imprinted wood-like texture with the traditional benefits of vinyl – durability, structural integrity and smooth surfaces with no splinters, sharp edges or nails – has finally reached the market.

The fencing is made of rigid PVC that

provides strength and fade-resistance that is similar to vinyl siding. Maintenance is pretty much limited to an occasional hosing to clean the fence; no painting or staining is necessary.

Steel and aluminum are other fencing choices that work well for many homeowners' associations. Ornamental steel fencing incorporates heights and styles that are well suited for enclosing specific areas; the better steel fences have a 20-year paint warranty that helps keep maintenance costs low.

Aluminum fencing typically has a life-time warranty against cracking, chipping and peeling.

In fact, you should look for long-term warranties. Most leading manufacturers provide limited 20- and 25-year warranties; some fencing comes with a limited lifetime warranty – but that's almost the same thing.

Installation is as important to your fence project as the fencing itself, although installation is often an overlooked detail. Choose a contractor that has proper licensing – very few fence companies are licensed to install in the City of Chicago, for example; the experience to successfully manage a large installation; and the longevity that indicates the contractor will be there whenever needed.

Tru-Link Fence & Products Co., 5440 W. Touhy Ave., Skokie 60077, 847-568-9300, trulinkfence@yahoo.com, www.tru-link.com

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ACTHA ELECTS BOARD DIRECTORS AND WISHES WELL TO A RETIRING BOARD MEMBER

At ACTHA's annual meeting on March 29 board directors were elected. ACTHA welcomes two new members to the Board of Directors: **Bob LaMontagne** and **Cynthia Vargas**.

Bob has resided at Lake Hinsdale Village CA in Willowbrook for 35 years where he has served on the board as well as various committees.

Cynthia resides in the Archer Heights II CA in Chicago. She has been on her board since 2000—when she first moved into her building! She also attended her first ACTHA program the same year and has been doing so since.

Both Cynthia and Bob recently completed and became "ACTHA Certified Leaders" through the "Learn & Lead" program.

Re-elected were: **Beth Lloyd** (Partridge Hill TA in Hoffman Estates), **Jackie Fanter** (Wedgewood Commons Unit II Assn. in Orland Park) and **Bill Meyer** (Walnut Creek TA in Frankfort).

Jan Mason of The Malibu in Chicago stepped down as an ACTHA board director. She served two terms with distinction and will be sorely missed.

LEGISLATIVE CORNER

The Illinois Legislature is in session and is scheduled to adjourn on May 31. During this time, legislation moves at a fast pace.

We encourage you to visit ACTHA's web site or sign-up for email legislative alerts to access the most up-to-date information on pending legislation.

CONGRATS TO OUR SURVEY WINNERS!

Pat Vogt of Whispering Oaks Phase 1 in Palatine and **Laurel Schwartz** of Devon Place CA in Chicago were pulled as the winning names from those returning evaluation surveys at ACTHA's recent Spring Conference and Trade Show. They won respectively an ACTHA one-year membership and registration to ACTHA's Fall Conference and Trade Show on Saturday, November 22 at the Drury Lane.



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Question of the Month

Q. A unit owner owned a dryer which is in the basement—a common area. The dryer caught on fire and caused smoke damage. Who is responsible for paying the damages to get the smoke odor removed?

A. The best place to start with a claim like this is to refer to the association's bylaws. The bylaws should state what the master policy is responsible for covering, and what the unit owner's insurance is responsible for covering. The master policy for the association should always be compliant with the Illinois Condominium Property Act as well as the association's bylaws. If, in the example above, the bylaws state the association is responsible for the laundry area then the master policy should provide coverage subject to any deductibles. However, if the bylaws state that it is the unit owner's responsibility, then they will need to contact their personal insurance carrier to file a claim. It is important that the board require all unit owners to carry appropriate liability limits in their unit owner's policy.

It is always a good idea to work with your property manager and insurance agent when questions like this arise. Your insurance agent should have access to a claims adjuster to help answer any coverage questions. Your insurance agent can also help advise the board on the process of filing a claim, and what, if any, cost that may have on the policy when it renews.

*Keith Hussey of Farmer's Insurance, 4339 W. Irving Park Rd., Chicago 60641
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Farmer's Insurance is a supporting member of ACTHA*

ACTHA will host a program on insurance, Wednesday, May 21 at Harris Bank, 111 W. Monroe, Chicago from 5:30—7 p.m. We ask anyone planning on attending to pre-register; a minimum of 15 people pre-registered is needed for the program to be held.