



139 Santiago Drive
Toms River, New Jersey 08757

COALITION MEETING

March 7, 2024

Minutes

"Information discussed or disseminated today is for use by members of the Senior Coalition of Berkeley Township. That information needs to stay in house and there should be no distribution outside the Coalition without prior approval of the Officers".

Call to Order: The meeting was called to order by Vice President Vince DeChiaro at 10:15 am.

Pledge of Allegiance and Moment of Silence: all stood for the Pledge of Allegiance and a moment of silence for our active members of the military serving in hot zones.

Roll Call: Welcome to our Councilwoman Sophia Gingrich and our Guests: Mr. Dave Ramsey and Mr. Paul Santoriello. Present: Officers: Vince DeChiaro and Judi Pakay. Past Presidents: Barbara Egner, Marietta Kobus, and Terry LiCausi. Associations: HC Berkely, HC Carefree, HC South, HC West, Holiday Hts., SRP East, SRP North SRP West, SRP Westerly, and Sonata Bay. Absent: President Signorile and Past President Heck.

ADR Mediation Follow up – Barbara Egner:

- Date: April 23, 2024, at 11:00 am. Location to be confirmed.
- The DCA Guideline expectations and procedures will be discussed.
- Anyone interested in taking the class should notify Barbara.
- Once confirmed Judi will place the invitation on the Coalition website and will send an email to everyone.

COVID19 Funeral Assistance – Vince DeChiaro:

- Vince was just made aware that FEMA will reimburse funeral expenses up to \$9,000 providing the death certificate indicates COVID19 on the certificate.
- More than 110,000 families have collected reimbursement.
- Additional information can be found on the State of NJ and the FEMA websites.
- Copies of the flyer is available after the meeting and it is on the Coalition website.
- Vince encouraged everyone to post in their newsletter and on their websites.

Mr. Paul Santoriello, President of Taylor Management:

ADR Certification:

- CAI offers an extensive full-day ADR certification class. Paul Santoriello Esq. and Carol Record, Esq. (the attorney who did the ADR class at SRPN) are the instructors for CAI. Paul encouraged those that are serious about doing ADR mediation properly to take the CAI course.
- Judi mentioned that when she tried to register for the class, it was full.
- Paul offered to come to Toms River to do a certification class if we have 15 people. Judi also mentioned that Carol Record offered to do a certification class for our Coalition members but was denied. Paul will look into getting permission to do so.

Property Management:

- There are many concerns expressed by self-managed HOAs as they transition to property management.
- Taylor Management manages more than 75,000 units within 300 communities.
- The three main sections Taylor Management will start to look at are: Financials, language of the business, and taxes on association activities.
- Our HOAs are not-for-profit so we fall under the State code. Meaning we have a fiduciary responsibility to do the best for our community not for us individually.
- Technology is fast changing. Major system changes are nightmares. The number one important factor is cyber-security. The property technology is a great asset to the trustees.
- Accounting portals handle collection of monies, bill pay, scan invoices, coding them. Making it more time efficient and shareable to trustees who need to see the information.
 - Those that approve invoices should not be signing the checks.
 - Cash management and reserve funds. You should have good management software tools to produce accurate reports.
- Administrative Managements provides communication between vendors and the board. Timely responses with transparency is necessary. It is important to set up a system on how the HOA will interface among each other, with the management team, vendors, and residents.

When we contract with a self-managed HOA their ledgers and general management documents are downloaded to the Taylor Management systems. Transition for a self-managed association is a significant movement towards professional management.

- We need to read the Radburn executive order changes and how they impact the community. Radburn drove many self-managed companies to property management, especially for the technology. Each law change creates a challenge for an HOA. The next generation is not like our generation. They do not want to serve. That can be problematic in the future.

Administration (Clerical):

- We train personnel how to handle day-to-day operations, problems, violations, etc. and the language for correspondence in each of these areas.
- As we see challenges with personnel interactions and unit owners, we correct them immediately. Example: Residents wasting too much time of the staff with idol chit chat. Staff are trained how to resolve this type of behavior.
- We do not recommend money being handed to anyone in the office. We recommend payments be made on-line. When an owner comes to the office, personnel can train them or help them process their payments online. This is protection of assets and internal transparency.

One misconception is that management companies tell the board how and what to do.

- Management companies work with the board to serve the residents. The board makes the decision. The management company will make recommendations. The board sets policy on what and how they want the management company to handle things. All recommendations are brought back to the board for final approval and implementation if approved.
- All HOA clients and owner information is placed on the Taylor Management platforms.
- Taylor Management does not come into the HOA office. We do extensive training through CAI. We can appoint an office manager to your HOA if you want. They become employees of Taylor Management. Our annual salary for an experienced Office Manager is from \$100,000 to \$150,000. Our accounting package is approximately \$60,000 to \$70,000 for communities with 1600+ homes.
- We will provide training in any area. One HOA needed to learn how to do a proper RFP for maintenance contracts.
- NJ Laws in no way are HOA advocates. Many laws create hurdles that are a challenge.
- You need to have good insurance. Employment laws favor the individuals over the company. Good legal counsel is necessary.

- In all cases document, document, document.

Questions:

- Would Taylor Management be willing to review our association's records and write a proposal? Yes
- If needed, would you be willing to refer a good attorney? Yes. Check the CAI Directory for all professions. All companies and individuals listed in the directory are CAI certified. Most of their fees are hourly based.
- What programs do your company use? CINC and Strong Room.

Paul entertained questions from the floor.

- Councilwoman Sophia Gingrich: We have 3 paid office employees and a maintenance department. We have 3,300 homes. Do we need to let our staff go or how would Taylor Management bill us? Answer: Should you retain Taylor Management your employees become employees of Taylor Management. We would make a financial arrangement after reviewing the tasks Taylor Management would be taking on.
- HC West: We have TOPS which is not set up properly. Would you be interested in setting up and training our staff how to use the program? Answer: The new name for TOPS is Enumerate. If you became a client of Taylor Management we would not use Enumerate as it is not compatible with our systems.
- Does Taylor Management charge for speaking with residents? Answer: When you write a contract you include what you want us to do. We will offer advice, but you do not need to take it.

Dues Assessment:

- Strive for on-line payments of dues assessments. Electronic AR is protected.
- Late dues and fees: the process is outlined in your governing documents.
- We recommend after the third payment is late, the account should be forwarded to your attorney for legal action. Owner pays all legal fees and lien fees that occurred until payment is made.
 - Before the third late payment call the homeowner and try to work out payment plans.

Taylor Management fees are all inclusive. You can terminate your contract anytime you want.

- CAI does extensive training for their clients. Anyone can hang out a shingle and say they are a management company. But CAI professionals are all CAI certified.
- Before someone becomes CAI certified we provide internal and external training programs where they learn the latest innovative ideas. Also, we send

them to programs that will train them on the best practices of those new ideas.

- If your management team works for you and makes sense don't believe the horror stories. They are usually referring to untrained management employees. Spend the time in training and do it the right way.

Dave Ramsey - Becker Poliakoff:

- A few years ago, they shortened their name. It is now just Becker Law Offices.

Reserve Study:

- Legislative Action Committee (LAC) watches for harmful legislation. The Reserve Study and structural integrity started with the collapse in Florida. Now we are seeing many infrastructure collapse in buildings that are 50, 60 years old, and not properly maintained throughout the nation. There have been several balcony collapses in South Jersey.
- Senator Singleton sponsored the legislation that supports and requires reserve studies to be performed every 5 or 10 in an attempt to avoid infrastructure collapse. Senator Singleton is working with a CAI Task Force to ensure implementation and follow through.

Statute Part I:

- Deals with condos, co-ops, and primary residential buildings. Your clubhouse is not a residential building, it is a commercial building.
- What impacts us to some degree is the reserve portions. There is no need for an association to reserve for the single-family homes themselves but does require one for the clubhouse, and common grounds.
- Law addresses: Fiduciary responsibilities. 1) You need to protect and act financially responsible to the association. 2) You are entrusted and overseeing property for other people. You have a fiduciary responsibility to make sure it is properly maintained. Being prudent. Prudence means being responsible to everyone and to do what is necessary to ensure that all elements are taken care of properly.
- In NJ we never had standards that define fiduciary responsibility. Where there is no standard, management becomes loose. An example is Surfside. It was not properly cared for over the years. When it was necessary to do major structure replacement, the cost was too expensive and became a financial hardship.
- This part of the law is also meant to prevent special assessments that can create a hardship. To meet standards on reserves, you ultimately need to repair and replace. How do you prepare for that? Prudently, putting away a

certain amount of money over the years so when it is necessary to make repairs and replacements the money is there, eliminating the need for a special assessment.

- Reserve studies recommend how much money we need to put away over the years, taking into consideration the operating expenses over the time period of the study. Reality sets in when an unexpected or premature major repair or replacement is required and the money is not there because you are deficient in your reserves.

How do you comply with the law?

We have until January 8, 2025, to have a Reserve Study in place. You choose the funding plan that best suits your association. 1) Full funding. 2) Threshold funding and 3) Baseline funding \$0 funding (the riskiest.)

- Baseline is most risky since you cannot predict costs and time of replacement.
- Reserve studies must be done once every five years to reevaluate current costs. There is no law that forces you to follow your reserve study.
- You should have detailed line items. A \$500 item doesn't need to go on your reserve study.
- If an item is not listed in your reserve study you cannot use reserve study funds for it.

Mr. Ramsey gave examples of each plan.

- If you have a large deficiency you may choose to do another reserve study. When you do an update study the deficiency is built into the new study and you can switch plans to make it easier to manage.

What is the enforcement in the law?

- You have an obligation to notify everyone that you are deficient in your reserves. Everyone must pay their fair share. Reserves must be brought up to compliance.
- When you are deficient in your reserves and a judgement is filed, it is against the individual board.
- Loan officers are asking HOAs if the association is up to date with their reserve study and if there are any anticipated or special assessments in place. Deficiencies can cause a delay or denial for the buyer to obtain their mortgage.

Mr. Ramsey shared a few examples.

ADA line items:

- When the use of a building such as the HC Carefree Clubhouse is offered only to its members and their invited guests you do not need to meet ADA requirements.
- Once you open your events to outside communities you become a public entity and ADA accommodations must be provided.

Maintenance Plans: Reserve Study law requires you to have a plan for maintenance. You need to know if preferred maintenance items such as painting or sealcoating roads, and other major items are operating expense or something that needs budgeting. If it is not something that you account for in your budget, it should be placed in your reserves.

- Work with the specialist where to place items in the reserve study. Keep in mind once the reserve study is finalized it is a final document and no changes can be made.
- The longer out you go the better off you are. But be careful. Ex: pushing out a roof that is leaking and cannot be patched, pushing it out could cause more damage to the building.
- HC Berkeley has a retainer wall by the building and pool on the hill. It is not in our reserve study. Can we use unused funds to repair? Dave: If you have money from other projects that you didn't use, you cannot make the judgement on your own. Check with the engineer. If you are funding at 10% and you decide you want to go to 5 or 7% to free money to pay for the retaining wall. It will free up money that you can apply to that.

Reserve studies must be done using CAI guidelines and requirements.

Election updates:

- Signature requirement. DCA requires verifying that the owner is qualified to vote. Due to fraudulent proxies, etc. they implemented a signature protocol. The envelope contains the homeowner's signature on the outside, which you can use to verify the owner is in good standing.
- Envelopes can be opened prior to the election count. You do not need to open the envelopes in public. However, you do need to tally the ballots in public.

Corporate Transparency Act:

- Last week there was a court case in Alabama that stated the adoption of this law exceeds its authority. It will go to appeals in Alabama and possibly to the Supreme Court.
- The CTA is still in effect. CAI is lobbying congress to exempt HOAs from the law.
- Do not file at this time.

- The law requires that within 30 days HOAs must update any board changes.
- Filing will be done on-line. Trustees' name and address must be documented on FinCHEN website. A copy of driver's license or passport with photo image must be uploaded as well.
- CAI is lobbying congress to exempt HOAs from the law.
- Associations should think about placing a disclaimer on call for candidate documents advising candidates of the need to comply to this law. It could cost associations to lose good volunteers.

Vince thanked Dave Ramsey and Paul Santoriello for attending our meeting today and for providing such a wealth of useful information.

Being no further business, the meeting was adjourned at 11:45 am.

Respectfully submitted,

Judi Pakay

Secretary/Treasurer