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**10**  
*Years*

It's official... FirstService Residential has been ranked the #1 Homeowners Association Management Company for the **10th consecutive year!**

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[azbigmedia.com/ranking-arizona](http://azbigmedia.com/ranking-arizona)

## How HOAs Can Use a Social Media Strategy to Strengthen Community Engagement

Social media can be a phenomenal marketing and communications tool for your homeowners association and community – a great way to inform residents, build relationships, keep them connected and strengthen their loyalty. What may be surprising, however, is that using it effectively involves a whole lot of social media strategy.

A few sporadic Facebook posts and tweets aren't likely to achieve the results you're after, but as part of an overall social media plan, your communications can help build and strengthen your community. Not sure about that? Well, the benefits of a robust social media strategy are proven. Communicating through social media sites will cost significantly less than printed mass mailings, and you'll be able to virtually reach a broad audience in real time. Overall, it's a more cost- and time-efficient tool to help you achieve more effective communication with more people.

In an age where people are often more isolated than ever, social media can be a great way to re-establish community ties. It's crucial to remember that it's a format unlike any other, and if not used correctly, the consequences will remain online for a very long time. So what do you need to know to reap the potential of your social media strategy, rather than the pitfalls? We've got the scoop – and we've got your back:

### 1. Define your objective.

Before you dive in, consider the goals you want your social media efforts to achieve. Perhaps you want to build community spirit. Maybe you want to keep owners informed about what's new. Or it could be a way to build your community's brand. No matter the purpose, make sure that everything you post and tweet furthers that objective. For example, to achieve all of the objectives above, you can tweet about an upcoming parking lot resurfacing project, post a message on Facebook about an upcoming community meeting, or share photos from your latest ice cream social – or all three.

### 2. Assign responsibility.

Maintaining your social media presence is an important task, so it should be assigned to a specific person to manage. This role goes beyond mere posting... remember, social media is just that – “social” – so your social media manager should be monitoring your channels for comments and feedback and then responding promptly and appropriately. The social media manager could be part of the property management team or you can choose a resident or committee member. Need guidance? A good community management company can help you define this role.





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## MESSAGE FROM JOHN KEMPER

President, Arizona

Our mission statement is very clear: “Deliver exceptional service and solutions that enhance the value of every property and the lifestyle of every resident in the communities we manage.” There are many ways for our associates to live this mission statement every day.

Whether that means opening a door with a friendly smile, tackling a problem for one of our residents in the communities we manage, or creating innovative ways to provide high quality educational opportunities for HOA Board Members throughout the state of Arizona, we take this mission seriously.

In October of 2015, we hosted our annual Vendor Conference and Exposition, an event we created around a educational platform. The day’s activities included educational breakout sessions, product demonstrations and an exhibition filled with Arizona’s top HOA industry experts, all prepared to answer questions or demonstrate the latest and greatest in HOA-centered products. The feedback we received from the more than 400 people who attended was overwhelmingly positive. We realized that we set the bar for our next event and we began immediately looking for ways to make our next expo even better.

We are confident that this year’s program will deliver an experience that far exceeds expectations and we are pleased to announce that we will be hosting our 3rd annual Vendor Conference and Exposition on Friday, November 18th, 2016.

Registrations are now being taken at [www.fsresidential.com/AZexpo2016](http://www.fsresidential.com/AZexpo2016) and we enthusiastically invite you to join us for a day of education, relationship building and fun!

### THIS YEAR’S LOCATION

**Wild Horse Pass Hotel & Casino**  
5040 Wild Horse Pass Boulevard  
Chandler, Arizona 85226  
**Phone:** 1.800.946.4452

### SCHEDULE FOR THE DAY

- Registration begins at 11:00 a.m.
- Expo floor is open from 11:30 a.m. to 4:00 p.m.
- Lunch is served from 12:00 p.m. to 2:00 p.m.
- Cocktail hour begins at 4:00 p.m.

Looking forward to seeing you at the Expo!

John Kemper, President  
FirstService Residential Arizona



# How HOAs Can Use a Social Media Strategy to Strengthen Community Engagement

Continued from page 1

## 3. Choose your channels.

From Facebook to Flickr to Pinterest to Twitter to Instagram, there's no shortage of available social media channels from which to choose. Most associations find that Facebook and LinkedIn work well for communicating events and information. In fact, the events feature on Facebook makes it easy to create a community event and track your RSVPs. Complement these efforts with reminders and updates sent via Twitter.

When setting up your Facebook page, you need to decide whether you want it to be a public page or a private group. With a public page, anyone on Facebook can view your content, whereas with a private group, users must be approved before they can join. Each has pros and cons, so review your original objectives to help you choose. On a related note, when you set up your platform, consider how you want community members to use the social channel. Will you allow community residents to post their own status updates, or would you prefer to restrict access and allow users only to comment on community-posted photos and status updates?

## 4. Use the power of technology.

If your community is professionally managed, you may be in luck – some community management companies provide customized software that includes social components.

“We tailor our proprietary FSRConnect™ platform to meet the needs of all of our managed communities, and it has become one of the most popular ways for residents, board members and the management team to connect, interact and

communicate,” says Michael Bodner, Director of Property Solutions at FirstService Residential. “FSRConnect™ also facilitates the creation of private community websites, where community members can get info, view a calendar of events and join social groups to interact, post photos and more.” He adds that FSRConnect™ is accessible via computer, tablet and mobile device, so users can virtually connect at any time, and from any location.

## 5. Engage your residents.

An effective social media channel must have an audience of followers, so it's critical to making residents aware. Provide links to your social media channels from your community's website, include messaging about your social platforms on your resident newsletters, notices and communications, and promote them at community events and meetings. Here are a few more proven techniques:

- Take advantage of polls and other Facebook tools to obtain information from residents about events and topics of interest – then use their feedback to help plan community events.
- Use Facebook's Events feature to create and promote community events, and don't forget Twitter for sending updates and reminders.
- Create photo albums and upload photos from community events.
- Have a community improvement project underway? Document its progress by including photos taken at each stage to keep residents updated – and part of the process.



- Cross-promote your social channels by featuring photos and posts from community residents in your other communication channels, such as newsletters.
- Looking for community members go join committees? Your social media platform can be a valuable tool as part of your recruitment strategy.
- Create contests for residents, such as photo captioning contests, to boost their participation and engagement.
- Share news about community members with newsworthy stories or achievements – but be sure to get their permission first!
- Ask for feedback and opinions directly. Let residents know their viewpoints matter.
- Use your channels to help grow social clubs for community members with shared interests.



## 6. Create a policy.

A defined social media policy will help protect you from liability and make your program more effective. Your policy should do all of the following: define who has access to the sites, who is allowed to post information, prohibit negative or defamatory comments, re-assert residents' privacy rights regarding published information, establish the right of the board to remove user comments that violate standards, and put in place a procedure for screening content prior to publication. On your Facebook page, you can post guidelines that outline your policy, including the fact that you will remove posts that violate it. For Twitter, consider setting your account to "protected" or "private," which will allow only select users to see your tweets. As for LinkedIn, your official page won't allow much interaction, but if you form a LinkedIn Group, you can – the site allows you to post some overall rules for engagement, along with a limited ability to manage your group settings.

## 7. Consider special groups for committees.

Social networking is a great way to improve communication and collaboration among committee members. Encourage your committee chairs to establish dedicated, private groups for members to brainstorm and share ideas.

## 8. Keep some things offline.

It's critical to keep formal board decisions and communications out of social media. No actual board action should ever be undertaken based on discussions that occur online. Remember, social media's role is in community building and the communication of public information and events.

## 9. Board members beware.

Board members and community managers should avoid connecting directly with community members on social media sites. Favoritism (perceived or real) can create real pitfalls when an association is trying to accomplish its goals, and personal relationships formed via social media can be a contributing factor. So if you're a board member, carefully consider whom you agree to "friend" or connect with on social media.

## 10. Know the law.

Be aware that copyright infringement, plagiarism, causing emotional distress, or violating privacy rights can land your association in legal hot water if you engage in those activities through social media. Remember that anything you post remains online in perpetuity – even if you delete it – so carefully consider every item before you hit "Enter."

Social media is often viewed as a blessing or a curse. However, if implemented wisely and effectively, it can achieve significant results – if not, the consequences can cause headaches... or worse. For more information on how to use a social media strategy effectively to create a more closely-knit, well-informed community, contact FirstService Residential.



# Important Rules that every Board Member and Management Company Professional should know

By Karen Hale | Director, Client Relations

*Everyone has heard of 'The Golden Rule' - Do unto others as you would have them do unto you.*

Here at FirstService Residential, we follow our own set of Golden Rules, which we call our Global Service Standards. These standards are designed to help us deliver on our brand promise to provide the highest levels of customer service to our clients. Volunteer community association board members generally have their own set of "Golden Rules" to prepare them for some of the obstacles they are sometimes faced with. These rules allow for them to better assist their neighbors where possible, promote community involvement, as well as protect their own personal investment.

Here are a few that will resonate for both.

1. **We protect the privacy of our clients**, residents and fellow associates, as well as our company's assets and confidential information.
  - Our Client Accounts Receivable team handles all homeowner assessment accounts with careful review and protection. We require all owners to submit address changes for their accounts in writing to either [addresschanges.az@fsresidential.com](mailto:addresschanges.az@fsresidential.com), or to [ARSupport.az@fsresidential.com](mailto:ARSupport.az@fsresidential.com). We do this to make sure we are double checking the ownership of the property or have a property release form on file that is in place for a different person to have access to a private account before we will provide any information on an account.
2. When our customers need assistance, **we show them the way** rather than pointing in a general direction.
  - When our Pre-Legal Services Department receives calls, they are very serious calls and in some cases are in a status noted as, "At Attorney". In these cases we must calmly let the owner know that we must direct them to a collections attorney, who will be able to assist them at this point. We make sure to provide them with the most current phone number and address as well as providing them with a contact email, if requested. We also let them know that an attorney is not allowed to call a homeowner and leave a message, so that if they are required to be away from their phone, the attorney will call but not leave an actual message. This helps show them the way in order to speak to someone about their account instead of being pushed to multiple people before they get this information, or feel as though no one is getting back to them.
3. **We listen** with genuine curiosity. We probe for clear understanding and ensure we have met expectations in addressing any issue.
  - Our Resale & Disclosure team is the first contact with a new buyer/owner in one of our communities. We not only provide the required documents to the buyer per Arizona State Statute 33-1806 & 33-1260, we also put direct phone numbers in their package so that buyers can contact this department with questions that they may have prior to purchasing. This is important as they are not yet official owners and not located in our databases. They are in a different status on what they can receive and at times ask for, which is considered protected information for the community, until they become an official owner. Our team takes the time to listen to their questions so that we can assist them with one of the most important purchasing decisions they will make in their lifetime without overstepping our legal boundaries.

At FirstService Residential Arizona, we believe that in order to deliver exceptional service that enhances the value of every property and the lifestyle of every resident in the communities we manage, we must hold our people accountable and give them what they need most – Trust, Compassion, Consistency and Motivation. This rings true with the relationship that a Board of Directors has with their homeowners. By living 'The Golden Rule' and following our Global Service Standards, our relationships are built on consistency, responsibility and care.





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# CASE STUDY | Community Facelift

Discovery at Tatum Place | Scottsdale, AZ

## SITUATION

A 176-unit townhome association in Scottsdale, AZ was in desperate need of a community facelift. All of the board members had resigned, leaving the community with no way to effectively move forward with necessary repairs. The community was in major disrepair with rotting columns, many balconies throughout the community were failing because of rot that had not been addressed, the entire community was in need of exterior painting. The pool pumps were not working properly and there were dead trees causing hazardous conditions all over the property.

## FIRSTSERVICE RESIDENTIAL SOLUTION

The management team's first order of business was to encourage current residents to serve on the board. Board training booklets were provided that included essential details on what being a board member entailed (e.g. fiduciary responsibilities, definition of authority, etc.). Continual training was provided to the new board members at each board meeting and whenever questions were brought up. Once a new board was established, the community manager convinced the homeowners to vote in favor of an increase in their dues. Once the reason why the increase was necessary was explained, all owners voted unanimously to increase the dues. Next, a plan for the necessary repairs was put in to place. The manager and board members conducted three site tours with each of the five potential painters/restoration vendors. The management team provided the board with a detailed bid matrix outlining the scope of work, payment terms, warranties, and insurance in addition to the bid proposal for each vendor prior to choosing the right company for the job. A final site tour was conducted with the board, manager, and selected vendor to uncover any additional work that may have been missed in the initial tours.

## OUTCOME

One year later the results are as follows: all rotting columns have been repaired or replaced, all balconies were repaired and addressed, broken pumps were replaced or repaired, all hazards created by trees throughout the community have been addressed and the community just finished a wood repair and exterior paint project. The reserve contributions are now closer to 100% of the suggested contribution, as recommended by the Reserve Study. Using the FirstService Residential Arizona Pre-legal Department, delinquencies have been drastically reduced and homeowners who were in arrears are on payment plans. The community is now in good operating order and in a position to proactively repair the roofs throughout the community.



*"I am in the process of moving to Tucson and I am determined to find a home in a FirstService Residential managed community. FirstService Residential listens attentively and responds immediately. More significantly, they are focused on COMMUNITY! A much needed focus in this era. FirstService Residential promotes harmony, communication, and quality care."*

—Homeowner, Discovery at Tatum Place

# GREEN & SUSTAINABILITY

## Managing Waste for a Greener Community

*No one would argue the importance of implementing “green” initiatives to benefit our planet, and one of the best and most effective ways to do so is community wide. Did you know that according to the United States Environmental Protection Agency (EPA), more than 20 pounds of household hazardous waste is generated from individual homes across the United States? That’s about 530,000 tons per year!*

With a growing focus on proper environmental stewardship, many associations are working toward implementing green initiatives, but getting there can be daunting. With so many programs and opportunities available for all of us to reduce, re-use and recycle, it’s hard to know where to begin.

An excellent community association management company can help you start with the basics: waste management, including recycling. In contrast to more involved measures like pursuing alternative energies, waste management can be fairly simple to implement.

These tips represent a series of small changes you can make that, together, add up to a significant difference for your community – and the planet. So to help your community become more environmentally friendly, here are several tips for effective and responsible waste management.

### 1. Start smart.

Sometimes reducing waste is a simple matter of buying products that are less wasteful themselves. Look for items that come in environmentally-friendly packaging, and choose to support companies that have embraced sustainable, planet-friendly

practices. You can also elect to purchase items in bulk packaging, which will last longer and generate less waste.

### 2. Don’t trash those electronics.

E-waste is a growing problem, especially considering the amount of technology that all of us own, and the frequency with which many of us update our technology products. It’s better to recycle or donate old desktop computers, laptops, televisions, DVD and Blu-ray players, tablets and cell phones than it is to truck them to the landfill. Your local electronics store can point you toward drop-off locations for specific items, or there may be organizations in your city or town that specialize in giving outdated electronics a second lifecycle as a source for parts, or as a donated item. Or you can go to the Electronic Industries Alliance’s Consumer Education website for a breakdown of e-cycling programs by state – for more information, visit [www.eiae.org](http://www.eiae.org).

### 3. Look to your lawn.

Composting those lawn clippings not only reduces waste, but it also creates a great source for healthier gardening. You can build your own composting bins, or many ready-made products are available as well. Talk to your local lawn maintenance company about your desire to start composting – many companies are amenable to the practice since it cuts down on their landfill fees.







#### 4. Remember to recycle.

Almost anything is recyclable – even some things you think are not. Though there are too many to list here, recyclable products include compact fluorescent light bulbs, batteries, glass, aluminum cans, newspaper, office paper, cardboard, yard trimmings and tree clippings, used motor oil, food waste, appliances (refrigerators, washers, dryers, stoves, etc.) and even vehicle shells. For more information on what common home goods are recyclable, visit the United States Environmental Protection Agency's website: <http://www2.epa.gov/recycle/how-do-i-recycle-common-recyclables>.

#### 5. Attend an event...or host one.

Becoming part of the green community is a great way to find new ways to operate more sustainably and discover additional resources to help with your waste management efforts. Many cities and municipalities hold regular recycling events, and your local waste management and recycling companies are good community partners, too. A simple Google search is all it takes to find out what's happening in your own part of the country. And if you'd like, you can always host a green event in your own community.

Community association management companies are adept at planning and marketing events, and they can help connect you with community partners that will help make your function a success. Think of it this way: when you host an event, you can take part in directly helping the planet, right from your neighborhood.

Remember, a global approach to a more sustainable planet really does start locally. Your community can play a role in preserving resources, reducing waste, and spreading the word about the importance of recycling – and a professional, experienced community association management company can help make it happen. To find out more, contact FirstService Residential, Arizona's community management leader.



# COMMUNITY & PERSONAL SAFETY

By Rhonda Rayhel | Regional Director

According to the Arizona Department of Public Safety 2014 crime report, there was one robbery every one hour and 27 minutes and one motor vehicle theft every 33 minutes and 19 seconds. Hopefully, neither of these types of incidents have happened to you or someone you know. While not all crime is preventable, it can be avoided as much as possible through taking responsibility for your safety and the safety of those around you.

## Safety within the Community

Knowing your neighbors is a vital part of enhancing safety within the community. Encourage community members to get out of their homes and get to know their neighbors; and as a community manager, get to know the members in your community associations. Community events help encourage neighbors to get to know each other. Even if neighbors don't know each other well, it is in everyone's best interest to look out for each other and encourage each other to help their neighbor if suspicious activity occurs. Even something as simple as reminding a neighbor that their garage door is still open after dark could significantly deter criminal activity and enhance a sense of community within the association.

Coordinate with association members to organize a community neighborhood watch or website where information can be posted regarding suspicious activity. Interviews with criminals have revealed that the Neighborhood Watch program is a very effective deterrent against robbery. These programs have demonstrated that improving crime reporting reduces crime – and the fear of crime.

Security works best in layers. Encourage homeowners to utilize as many security measures as possible. Fences or walls, pets that can alert residents to noises, and alarm systems are all effective layers of security.

- Ground-level windows should be equipped with adequate locking devices, and for maximum security, windows and doors should be locked even when people are at home. It sounds simple,

but be certain to do this even when you intend to “be right back”, or are just going to the store or to the mailbox. It takes a thief ten seconds or less to enter an open door and steal property – or worse.

- Patio and sliding glass doors should be secured with vertical-bolt locks.
- A broom handle cut to fit the door track can provide an effective, inexpensive way to secure the door.
- Encourage homeowners to put interior and exterior lights on timers, and use them whether at home or away. Alternate which light is on and for what length of time. If someone is watching the house, they won't know whether people are home or not.
- Keep blinds or drapes closed at night.

## Personal Safety

Most Community Managers spend a great deal of time in their vehicles. Consider adopting the following suggestions to enhance your personal safety, both while working in a community, and in your personal life.

### When leaving your vehicle:

- If possible, park beneath a streetlight. In a parking garage, it is safest to park away from stairwells where someone may be hiding. Avoid parking near dumpsters, wooded areas, large vans or trucks, or anything else that limits visibility.
- Lock the vehicle and leave it empty. Remove all items of value, such as, electronic devices, CD's, clothing, briefcases, sunglasses, and even accumulated loose change. The glass in a vehicle is meant to easily shatter when struck, providing little protection for any valuables left behind.

- If you have used your auxiliary plug, be sure to close the flap on the plug before leaving. Failure to do so could be a signal to a potential thief that an item of value is in the vehicle.

#### When preparing to enter your vehicle:

- Make it a habit to check it on all sides for flat tires and obstructions near the wheels.
- Carry some sort of flashlight for the evenings. If possible, walk with someone.
- Always have your keys in your hand prior to reaching your vehicle.
- Look in the windows and check inside before unlocking and getting in the vehicle. If there is any reason for concern, simply walk past the vehicle and get help. Trust your instincts!
- Make sure that any items you may have left in your vehicle have not been disturbed. Do this even if you have parked in an attended garage or well-lit area.
- After entering your vehicle, lock your doors, even if you feel comfortable in this area. Start your vehicle and leave immediately. Do not linger in any parking lot checking emails on your phone or making notes after a meeting.

Hopefully these few suggestions will keep you safe whether you are on the job or relaxing at home. Be safe everyone!

## AN OUNCE OF PREVENTION IS WORTH A POUND OF REGRET: SECURE YOUR ROUTER!

*There have been many reports in the press throughout the US about the dangers of Internet users not protecting their routers with an assigned password. This presents a security issue that should not be taken lightly.*

Living in a condominium or homeowners association means that you may be within close proximity of your neighbors and, in many cases, share walls and ceilings with them. This makes it easy for your internet signal to extend beyond your living quarters.

Being a good neighbor doesn't always pay off. Allowing Internet users who fall within signal range to pirate that connection has been known to backfire. Any illegal or unsavory material downloaded by an unauthorized

user is attributed to the account holder - and could shed negative light on him or her and even lead to legal problems!

To avoid this, please password-protect all routers, keep the information close at hand and share it only with those you know and trust.



# SAVE THE DATE

**Friday, November 18, 2016**

## 2016 FIRSTSERVICE RESIDENTIAL ARIZONA CONFERENCE & EXPOSITION

It's back!! Last year, more than 400 people attended the highly anticipated FirstService Residential Arizona Conference & Exposition.

**MARK YOUR CALENDARS AND JOIN US FOR THIS YEAR'S SHOW!**

### THIS YEAR'S LOCATION

Wild Horse Pass Hotel & Casino  
5040 Wild Horse Pass Blvd.  
Chandler, Arizona 85226  
1.800.946.4452



Registration begins at 11:30 a.m.  
Expo floor is open from 11:30 a.m. to 4:00 p.m.  
Lunch is served from 12:00 p.m. to 2:00 pm  
Cocktail hour begins at 4:00 p.m.

### REGISTER NOW

FOR A CHANCE TO  
WIN A FREE  
NIGHT'S STAY AT  
THE HOTEL!

To register early, visit [www.fsresidential.com/AZexpo2016](http://www.fsresidential.com/AZexpo2016) or  
contact Heidi Hallquist at 480-551-4213 or via email at  
[heidi.hallquist@fsresidential.com](mailto:heidi.hallquist@fsresidential.com).



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# Electric Cars and Charging Stations:

## *Is Your HOA Ready?*

Over the past five years, nearly a half-million U.S. cars in this country have been able to zip right past gas stations – and it's not because they've always had a full tank of gas. That's how many plug-in electric vehicles (PEVs) have been purchased in this country since December 2010, when the first mass-market PEVs – the Nissan Leaf and Chevy Volt – made their much-heralded debuts.

What are PEV buyers actually buying? Let's define our terms. A PEV is a broad classification for any vehicle that is powered at least partially by battery power. There are two major types: BEVs, or battery-electric vehicles, and PHEVs, or plug-in hybrid vehicles. BEVs run purely on electricity stored in their batteries, so they need to be recharged regularly – but not before traveling approximately 70 – 100 miles on a full charge. And because they don't have gas engines, BEVs are zero emission vehicles.

What is a PHEV or hybrid car? That's a vehicle that can run on either battery power or gas, so owners can either recharge their batteries or fill their gas tanks at the pump – the gasoline option reduces "range anxiety" when a charging station isn't in sight. PHEVs can travel up to 35 miles on electricity alone, or more than 300 miles in electric/gas hybrid mode, and typically have low emissions, depending on how much gasoline is used.

Today, over 25 U.S. and 50 global PEV models are available, and more automobile manufacturers and better-featured electric car models are coming on board each year. While

the initial push in sales primarily came from early adopters, innovators and technophiles, a growing number of mainstream buyers are discovering the environmental, emotional, budgetary and other benefits of electric cars, and those numbers continue to grow.

While all PEVs have higher price tags than their conventional counterparts, they pay off in terms of lower operations and maintenance costs and better environmental sustainability.

In addition, PEV owners may be eligible for federal tax credits – \$7,500 for BEVs and under \$5,000 for most plug-in hybrids. As additional models come on the market, with more benefits and better features, electric cars are attracting a greater number of mainstream buyers, rather than just early adopters.

The ever-increasing sales volume of electric cars, especially electricity-only BEVs, means more and more drivers are seeking charging stations located close to work or home – or demanding them right in their communities. Consequently, this is impacting homeowners associations and condo boards across the country, especially in large multi-family communities in New York, Florida, California and other automobile-loving states.

Installing an on-site charging station is proving to enhance homeowners' lifestyles and community desirability, but it's not the right solution for every community. Is it right for yours? To help you decide, watch for Part 2 – our follow-up article with information and guidelines to help your association make the best choice on our website at [www.fsresidential.com](http://www.fsresidential.com). For more innovative ways to enhance your homeowners' lifestyles, contact FirstService Residential. **13**







## Hiring Vendors? Legal Issues for HOAs to Consider

Your Board of Directors oversees the many day-to-day tasks required to operate and maintain your community...but they can't do it alone. Over the course of the year, your homeowners association will hire vendors to provide a variety of services to keep your community running smoothly, such as exterior painting, plumbing, electrical, landscaping, tree trimming, equipment repair, exterminating, pool maintenance, street repair, and more. And then there are capital improvements, unforeseen events or emergency repairs — yeah, you'll need vendors to take care of those, too.

So how do you choose? Someone may “know someone” who can do a great job, but it may not be in your best interest to hire your next-door-neighbor's fraternity brother or your barber's cousin's wife, and worse yet, seal the deal with a handshake—even if they're old friends and offer below-market rates. Why? Because choosing the wrong vendor can impact much more than the quality of the services provided—it can also expose



your community association to liability, either through the vendor's actions or the terms of the contract — or both. And if that happens, your community association and homeowners may be held legally accountable and incur significant financial damages.

What's a better way? Start by asking a professional who can point you towards quality providers with proven track records. A seasoned board member may be able to share past vendor experiences, and if you work with a property management company, its experienced team can help you decide whom to choose — and whom not to. That's because management companies have longstanding relationships with trusted vendors—and some may even have their own vendor certification process to ensure providers have the proper credentials and adhere to rigorous service standards. In addition, management companies usually work closely with the association's attorneys — so once you select a vendor, the attorney can structure the terms of your contract to protect your association from liability.

*Continued on next page*



## Continued...

It's always a good idea for associations to seek professional and legal advice when choosing vendors, but to help you get started, here are three important steps to help you hire quality vendors to safely and effectively serve your community:

### Confirm proper certification.

How can your association be sure that a potential vendor is qualified — professionally, financially and legally—to effectively and safely provide the services your community needs? Due diligence. Board members have a fiduciary duty to the association and the homeowners, and must therefore ensure that any vendor under consideration is properly licensed, bonded and insured — and if not, they need to find another vendor.

Here's why: In most states, any individual who wishes to provide materials and/or labor valued over a specified amount is required to hold a valid state license in his or her specialty. And then there's the triple whammy — if vendors don't have licenses, there's a strong possibility that they also aren't bonded and don't carry worker's compensation insurance and other insurance. So if your association hires an unlicensed or uninsured vendor, it risks substantial financial penalties if injury or property damage results from their actions. Moreover, your association may also be responsible for making good on unpaid wages or worker's comp claims filed by the vendor's employees.

As we mentioned earlier, some property management companies have established vendor certification programs — that means potential vendors must prove they hold all required credentials and fulfill other requirements before they can be approved to perform work in the company's managed communities. If your management company doesn't certify vendors or if your association is self-managed, you can visit the website of your state's Licensing Board to verify if a potential vendor is licensed, as well as whether he or she has been subject to legal claims filed by previous clients.

### Determine the vendor's employment status – and choose accordingly.

Okay, now that you know the importance of verifying a vendor's credentials, let's move on to the next important consideration — vendor employment status. According to the Internal Revenue Service, vendors may be classified as either employees or independent contractors. It's important to know the difference as well as which type is the better choice for your association.

There are numerous factors that go into determining a vendor's status — in fact, too many to go into here — but you can check IRS Publication 1179 for complete information. It's also a good idea to consult with an attorney or a community management company to help you select the right type of vendor to suit your needs. But no matter which type of vendor you choose, you will still need to...

### Draw up a written, legally binding contract.

No matter which type of provider you choose, you must finalize your vendor agreement with a written contract that clearly spells out all required terms. Again, work with an attorney—he or she can draw up a legal and binding contract that meets your needs and protects your association.

The vendor selection process is much more complex than just hiring an acquaintance or someone you find online—after all, if things go south, the legal and financial risks to your association can be substantial. But by following the steps we outlined — and following up with an attorney — you'll be better positioned to choose a quality vendor who can meet the needs of your association, your community and your residents. For more information about the vendor selection process and protecting your association's interests, contact FirstService Residential.



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