

CAI - LI Chapter News

Serving Long Island, New York

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PRESIDENT'S MESSAGE

By FRANK X. RIGGIO, CAI-LI CHAPTER PRESIDENT FOR 2014

I would like to take this opportunity to introduce myself to the CAI Long Island Chapter members. My name is Frank X. Riggio and I will be serving as your 2014 President. I am a community association volunteer member for the Country Pointe at Coram Condominium Community, currently serving in my sixth year as their President. This year, I am looking forward to continuing the job of moving our chapter another step forward. I will be guided in this mission by the hard work and leadership of my many predecessors, Edward Taylor, Esq., Jim Sutton, CIC, Peter Dumelle, Claudia Tracy, Frank Socci, Jr. and Doug Weigler with support from our Executive Director, Christine M. Majid; President Elect, J. David Eldridge, Esq.; Treasurer, Robert Plank and our Executive Board of experienced professionals.

I became involved in CAI when my community's Property Manager, Doug Weigler of TCM, and I were discussing some ways of helping our newly formed Homeowners Association become better at what we had to do for our community. Doug suggested I attend a CAI Meeting and

see if this might not be an answer to my need. During that first meeting I was most fortunate to be able to meet and talk with Ed Taylor, Esq., one of our founding members who took the time to explain that one of CAI's primary goals was to help educate community associations on how to better accomplish their jobs in their community.

After attending that first meeting in 2010, I realized the impact that this organization was making by bringing Property Managers, volunteer community board members and service professionals together in a forum dedicated to helping everyone do a better job of providing for the needs of our communities. My involvement increased with each successive meeting. Shortly thereafter, an opening occurred on the Executive Board, I was named to fill the position. Last year, serving as our President Elect, I represented the Long Island Chapter at the CAI National Convention in San Diego, California.

The Convention impressed me most of all with the magnitude of our national

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organization and the commonality of issues central to most chapters throughout the country. In one of our group discussions, we talked in great length and detail about a common community issue of pet rules, how to make them, and how to enforce them. We discovered that there is even a CAI Booklet on the subject. It's amazing how this issue and many others are occurring in other communities all over the country, not just in my community or your community here on Long Island. Check out the CAI library, it's awesome.

Our board is already very busy planning for the upcoming year's agenda. We will be hosting another class for Property Managers — this year the M-201 — providing them with an opportunity to enhance their skills and qualifications for a Certified Manager of Community Associations (CMAC®) designation. We will also again be hosting the "Basic Essentials" Course designed to help our community association volunteer board members hone their skills and develop better techniques in handling the many difficult aspects of community leadership. I whole heartedly recommend that every volunteer member attend this course at least once. It was a great help to me and an "icebreaker" for

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ON THE BOARD'S AGENDA: PROPERTY TAX CONSIDERATIONS FOR CONDOMINIUMS AND COOPERATIVES

By CHRISTOPHER BYRNES, ESQ., SCHRODER & STROM, LLP

According to a recent study by the Tax Policy Center, **Long Island has among the highest residential property taxes** in the United States. In particular, Nassau



County is one of ten counties nationwide where the average residential tax bill exceeds \$8,000. For many homeowners, **property taxes are the single greatest annual expense** after a mortgage. For

current retirees and those considering retirement, real estate taxes pose the largest financial burdens, along with health care costs.

Living in a region with such an ominous distinction, it is important for condominium and cooperative boards to take a **proactive approach** to ensure that property tax assessments **remain fair and equitable**. It could even be said that boards have an obligation to take affirmative action to challenge their assessments by having a lawyer reviewing assessments every year. Since experienced lawyers in the field charge contingency fees to review and challenge assessments, retaining qualified counsel has no financial impact on the board's annual budget. Conversely, it may have a positive impact on the finances of unit owners and shareholders alike.

The role of the board will vary depending on the type of community association involved. In cooperatives, property

taxes are ultimately the responsibility of the Board of Directors, with the expense being passed to shareholders indirectly through monthly maintenance charges. The Board has sole authority to commence a property tax appeal. The Board, either directly or through its managing agent, is responsible for selecting legal counsel and monitoring the status of the case. The Board alone may approve any settlement, and proceeds need not be remitted to shareholders - they remain a corporate asset. Boards can elect to use tax refunds to enhance building reserve funds, commence long-delayed capital projects as well as reducing monthly maintenance costs to owners, since annual tax bills are reduced.

For condominiums, property taxes are levied against unit owners directly, who have legal standing to challenge assessment individually. Under New York State Law, however, **unit owners can designate the Board of Managers as their agent to commence and manage a property tax appeal**. This is advantageous in most circumstances, as legal fees and litigation costs can be significantly reduced. As with cooperatives, selection of legal counsel, management of the appeal, and ultimate approval of settlements are all Board responsibilities. In a condominium, however, the proceeds of the lawsuit must be distributed to individual unit owners and are not to be treated as a Board asset.

Property tax litigation (formally known as "tax certiorari") is a highly specialized field, with procedural rules which differ greatly from more traditional areas of law. Statutes of

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limitations - the deadlines by which appeals must be commenced - are among the shortest in any area of law, and are rigidly enforced. Boards should select experienced counsel to ensure that these rules are followed, and that their community's rights to fair and equitable tax assessments are preserved. ■

Our firm has published several articles which provide greater detail on the topic of selection of counsel and management of the tax appeal by the board. Please call Chris Byrnes at #516.742.7430 for a re-print of those articles. Chris Byrnes is an Associate at Schroder & Strom, LLP, with a large practice in condominium/co-operative real estate tax appeals.

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DO YOUR HOMEWORK: HOW CAN AN ASSOCIATION BOARD AVOID CLAIMS OF IMPROPER ASSOCIATION MANAGEMENT?

By MCGOWAN PROGRAM ADMINISTRATORS

What you need to know: Do your homework. Understand your duties and obligations as a board member. *There are a number of ways to accomplish this.*

- If the association has an orientation book, read it. At the same time, the board should make sure that the book is up to date (hire a community association attorney to make sure the book complies with the relevant state status);
- Have the community manager, if she or he is experienced, hold an orientation meeting discussing the duties and obligations;
- If the association does not have a community manager, hire a community association attorney to conduct an orientation. This should be repeated every time the composition of the association board changes. This is an **expense that is worth its weight in gold** and there are **attorneys and consultants** specializing in the areas that know how to price this for the **budget driven** associations;
- The Community Association Institute is always a good resource for this type of information, both at its conferences and through materials found in its bookstore online at www.cai-online.org.

Know your By-Laws. *By-Laws are the association's operating manual.*

- Have a community association legal specialist review the by-laws and the association's actual practices and make sure that they are in sync. If they are not in sync, revise the by-laws;
- Require elected board members to read the by-laws and understand how the association is managed;
- Follow the by-laws and do not get lulled into a false sense of informality.

Know your Covenants, Conditions & Restrictions. *CC&Rs are the rules that the board is charged with enforcing.*

- Have a community association legal specialist review the CC&Rs and make sure they comply with existing law;
- Require elected board members to read the CC&Rs;
- The board must be aware of how the CC&Rs have been enforced to avoid discriminatory application.

Know your professionals. *You are only as good as the team you build.*

- Community & Property Managers;
 - Community Association Attorneys;
 - Community Association Financial Advisors & Bankers;
 - Community Association Accountants.
- How to choose?**
- Referrals from other associations or professionals;
 - Avoid conflicts of interests;
 - Check references;
 - Check association experience.



What to do?

- Demand that professionals have their own professional liability insurance;
- Obtain written engagement agreements;
- Require mutual indemnification agreements so that both sides are responsible for their own conduct.

Basics for Boards — No amount of training, guidelines or manuals will eliminate all insurance claims against HOA boards. But you **can take steps to minimize claims** and avoid many potential problems practicing:

- Communication — Active Listening;
- Transparency — Eliminating all unnecessary mystery;

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- Inclusiveness — Providing every association member the opportunity to speak;
- Flexibility — A willingness to think outside the box;
- Seriousness — Treating the association like the business that it is.

By incorporating these simple concepts into board operations and association management, your association should be able to avoid most frivolous non-monetary claims. ■

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Long Island Chapter 2014 Events

Friday, February 28th - 8:30 a.m.

Vendor Breakfast Meeting

Millennium Alliance Group, LLC

6851 Jericho Turnpike, Ste. 215, Syosset

Thursday, March 27th - 6:00 p.m.

"Nuisance Violations"

Capital One Bank

275 Broadhollow Road, Melville

Thursday, May 15th - 6:00 p.m.

"Legal Roundtable"

Fairfield at St. James - Community Clubhouse

1 Fairfield Drive, St. James

Thursday, June 12th - 3:00 p.m.

LI Chapter 3rd Annual "Nine & Dine" Golf Outing

Spring Lake Golf Club

30 East Bartlett Road, Middle Island

July — Venue, Date and Time TBD

"Summertime Social" Sponsored by M&T Bank

Thursday, September 18th - 6:00 p.m.

*"Fraudulent Activities and a
Board's Responsibilities"*

Capital One Bank

275 Broadhollow Road, Melville

Saturday, October 11th - 9:00 a.m. to 3:00 p.m.

Annual Trade Show

Hilton Long Island

598 Broadhollow Road (Route 110), Melville

THE BIG FREEZE: POLAR VORTEX OF 2014 TAKES HOLD ON LONG ISLAND

By DEBORAH RASHTI, SERVPRO OF GREAT NECK/PORT WASHINGTON

As The Farmer's Almanac was right on when it predicted that the Winter of 2013-2014 would result in **"below-normal temperature and above-normal snowfall."** January has



had its share of snow and the bone chilling temperatures that the Polar Vortex brought to our area seem to be staying with us straight into February. The surge in pipe breaks from this deep freeze is making January one of the

costliest in years. While taking **preventative measures** to keep your pipes safe from breaking before winter arrives is always a better idea; there are steps you can still take now that could minimize your exposure to this very real risk.

To start, there are products on the market that could greatly decrease your chances of suffering a pipe break. A water monitor is an **excellent investment** that shuts down your water main and alerts you to a pipe break on your smart phone. You can be away from home and get the help you need to get this situation under control. This is a must have for snowbirds!

Heat tape insulation is a great way to get supplemental heat to pipes located in unheated areas such as detached garages. There are thermostatically controlled heat tape and heater tape that is plugged into an outlet. The heater tapes work by a built in thermostat. In order to work, the tape must be wrapped between the pipe and the insulation.

Inexpensive foam insulation gives an extra **layer of protection** to pipes that receive moderate heat such as pipes in crawl spaces with minimal heating. When putting on these

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M-201

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Belfor Property Restoration



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insulation sleeves, it is important not to leave gaps that expose the pipe to cold air.

These sleeves are available in foam rubber or fiberglass, and plumbing supply stores carry pipe sleeves that feature extra-thick insulation. The added protection is worth the added cost.

Simple things like raising the thermostat during exceptionally cold spells can be a **big help when the temperatures plunge**. No matter what, never let your thermostat go below 55 degrees. By keeping the thermostat set to the same temperature both during the day and at night, you may incur a higher heating cost, but it will pale in comparison to the repair from a costly pipe burst.

Another simple preventative tip is to keep your cabinets open underneath sinks. This increase in heat flow to plumbing can make all the difference in preventing pipes from freezing. This is a trick that our neighbors well to the North of us have been doing for years. In the event that this plumbing is located on an outer wall, it would also behoove you to have the water running continuously in a trickle to prevent freezing. Again, the cost incurred in this extra water is inconsequential compared to the clean up from a pipe break. ■

Debbie Rashti is the VP of Marketing at Servpro of Great Neck/Port Washington. She may be reached at #516.767.9600 or at Debbie@servproofgreatneck.com.

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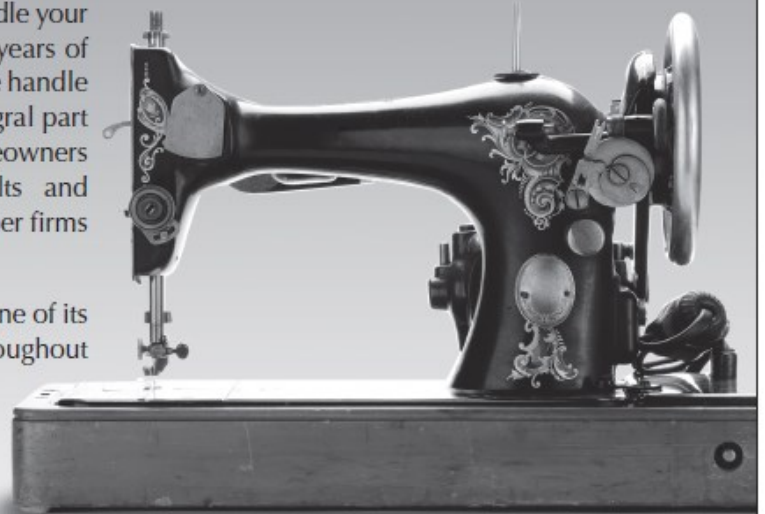
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meeting my counterparts in other communities.

Additionally, we will be hosting our third annual “Nine and Dine” golf outing in June and our Summer Social once again in July. As the year moves along, we will be working very hard to ensure that our 2014 Trade Show is even better than last year. My hat’s off to our Committee Chairman, J. David Eldridge, Esq., for his past successes. He has my full support for this year’s show. David is also serving as our President Elect this year so I am sure we will be working closely on many projects during the coming months.

I have **two main goals** for 2014:

1. Continue to **increase** our chapter’s growth and
2. To **STRONGLY** encourage community volunteer involvement.

Our organization was founded around the concept of education and advancement of community association volunteer board members, so I invite all of our members, **especially our community association volunteer board members**, to join me this year in working on these goals for all of our mutual benefits. ■

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- Rules
- Finance
- Meetings
- and more!

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Call your CAI chapter today to make your reservation! Visit www.caionline.org for a list of chapters or call the CAI national office at (888) 224-4321.




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