

COMMUNITY LIVING

Experts offer tips for unit owners

By Pamela Dittmer McKuen
Special to the Tribune

When community association residents informally meet with a panel of industry veterans, the conversation is sure to be lively and varied—whether it's about painting budgets or parties for residents.

Such was the case at a recent homeowners forum in Wheaton sponsored by the Illinois Chapter of the Community Associations Institute. Here are some of the topics discussed at the meeting:

■ **Capital idea.** Certified public accountant Chris Nyborg of Nyborg & Co. in Hanover Park stressed the importance of reserving money for capital expenditures down the road.

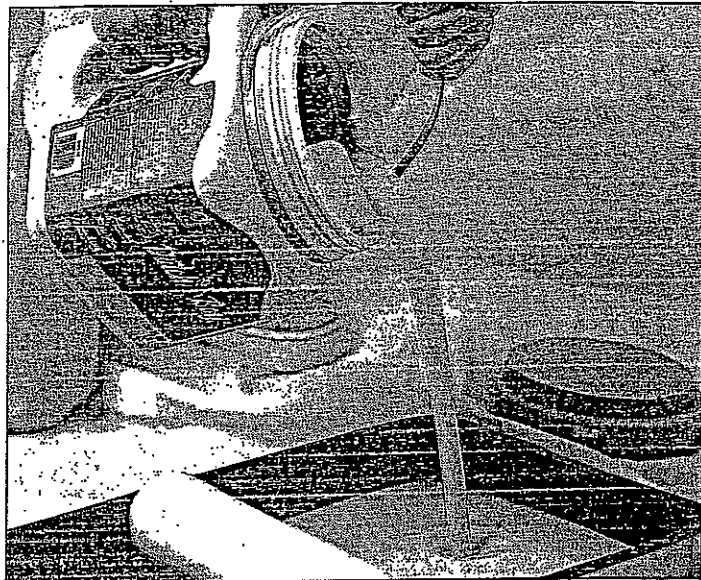
"As board members, you should think of yourselves as fiduciaries of the 401k plan for the association," she said. "You are taking money from the unit owners and making a promise to them that a portion of your budget is being set aside and will be there for the future replacement of common elements."

A reserve study, a report that itemizes the common elements and estimates their remaining usefulness and replacement costs, is the best way to determine how much money to set aside each year, she said.

■ **Paint patrol.** One big expense that should not be included in reserve calculations is painting, which the IRS considers an operating expense, she said.

It's fine to save up for a painting job, but don't co-mingle the funds with your reserves, she said.

"Make sure the money is segregated and identifiable," she said. "The IRS' position is if they can't discern what is operating [money] versus capital [replacement money], they're going to tax you on the capital money."



Tribune file photo

Painting costs are considered an operating expense by the IRS. Don't mix funds for this project with reserve money.

A question arose about using reserve money to remove and replace a dozen aging trees at a cost of several thousand dollars.

"The IRS has said that in addition to painting, you cannot spend your reserves on gardening," said Nyborg. "[Replacing trees] is a gray area in my book."

■ **Power plays.** Another topic was the relationship between boards and their unit owners. Some boards become forceful when exercising their powers of authority, said Mike Baum, property manager and president of Baum Property Services in Aurora.

"When someone breaks a rule, you have to get at it, but the key is to be gentle," he said. "Treat people the way you want to be treated. Too many boards overdo it and end up creating a community with poison in the water."

It's better to approach a first-time violator with a telephone call or personal chat than with a curt letter, he said.

Boyd Briscoe, a member of the Naperville Area Homeowners Confederation, agreed.

"Don't be overzealous over a single incident or several incidents if someone says, 'I forgot. It won't happen again,'" he said. "Why sock him with a \$25 fine and lose his support of your board?"

Steven Heuberger, property manager and president of Villa Management in Libertyville, prefers to send letters.

"You've got to document [what you do] because eventually there are going to be people who will say, 'Why didn't you?'" he said. "It's nice to knock on

doors, but you still need a trail. As the months go by, you can see someone has gotten six letters. You can treat someone gently and still have a document for your files."

■ **A neighborly approach.** On the subject of getting more residents involved in their associations, a few of the attendees said that food, parties and newsletters work for them.

Baum suggested extending personal invitations.

"People buy into associations partly so they don't have to be involved," he said. "Unless you ask someone to come help plant the flowers or come to the pig roast, they probably won't do it. You have to ask them."

■ **The great outdoors.** Liz Moore, master gardener and senior account rep for Acres Group in Plainfield offered a piece of landscaping advice: Give those evergreens some extra attention.

"We did not have a lot of rain going into the fall, and that causes a problem with evergreens going into winter," she said. "Be sure they are getting watered thoroughly for the next couple of weeks."

New and mature evergreens, particularly Austrian, Scotch and white pines, will benefit from an anti-desiccant, a treatment that helps the needles retain moisture, she said.

"They get dried out because of the winds and cold weather, especially if they are on a berm," she said. "Spruces tend to be a little more resistant to winter burn."

E-mail yourplace@tribune.com.