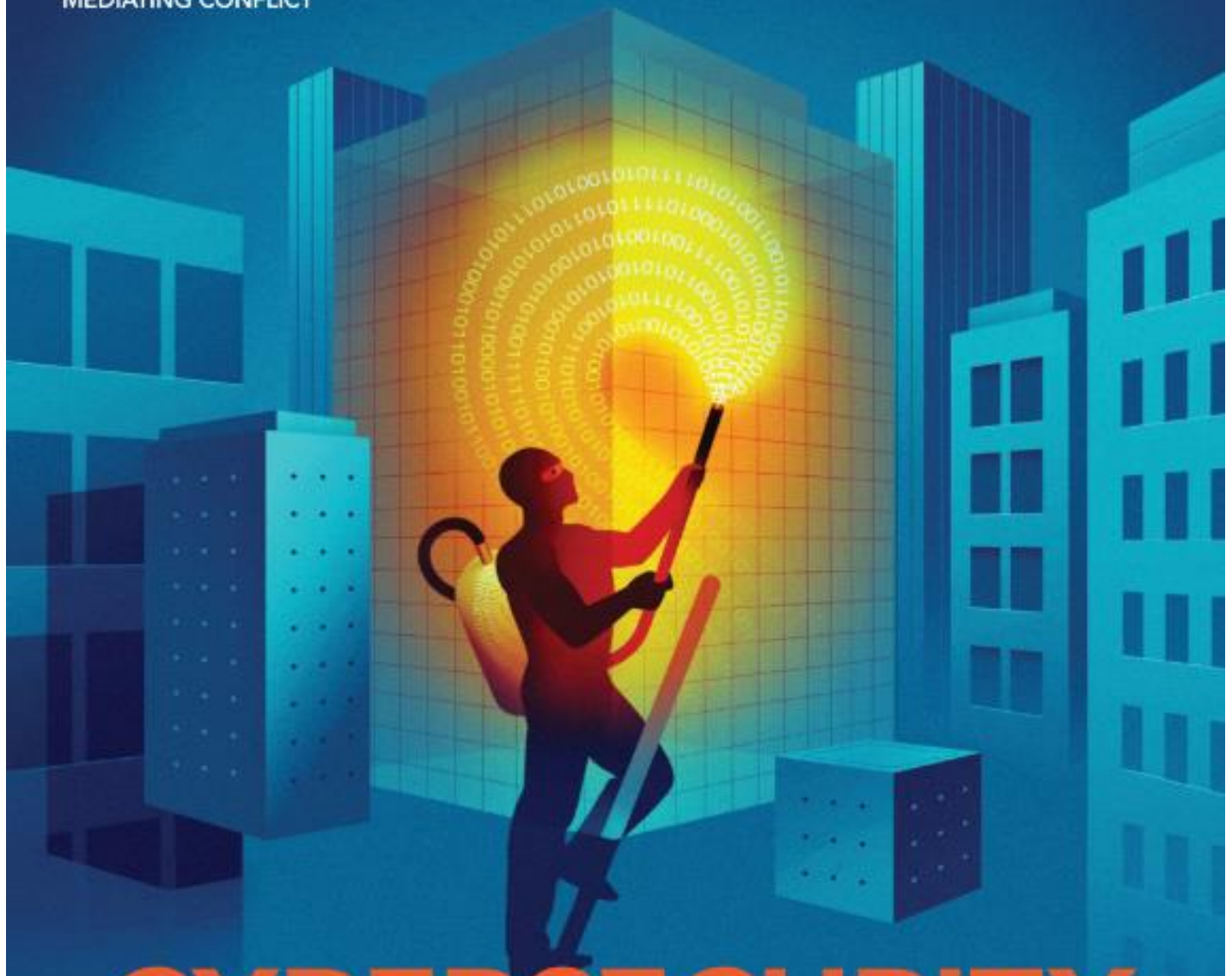


CommonGround

CAI's Magazine for Community Association Leaders

DRONE REGULATIONS
CONDO COMEBACK
ANNUAL MEETINGS
MEDIATING CONFLICT



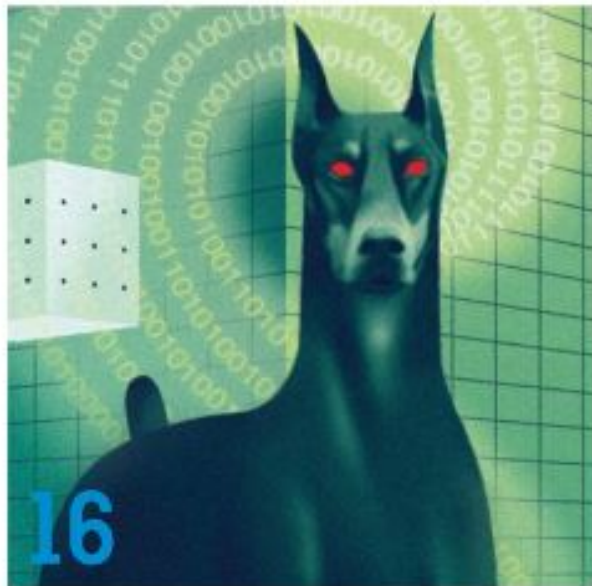
CYBERSECURITY

Think a hacker wouldn't bother to attack your community association or management company? Think again. PAGE 16

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TOWERS
A LUXURY CONDOMINIUM

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The Towers Condominiums was in such disrepair 10 years ago, the City of Fort Myers, Fla., was about to condemn the community. It's made quite the comeback.

transformation

A decade ago, it was easy to call the Towers Condominiums in southwest Florida a dilapidated, mismanaged eyesore. The 103-unit community, built 45 years ago, was under imminent threat of condemnation by the City of Fort Myers for a variety of increasingly severe inspection violations and unpaid fines.

The Towers, which had been operating without a professional manager for years, was damaged by hurricanes Charlie in 2004 and Wilma in 2005 and an electrical fire the same year. The combination of disasters left more than 20 units uninhabitable, a portion of the roof destroyed, and the pool in disrepair. Water damage from the hurricanes also uncovered popcorn asbestos in the ceilings of every unit.

By Jennifer Miller | Photography by Greg Agee/Home Photo



MEANWHILE, two of the building's three elevators didn't work; three of the five laundry rooms weren't operational; and criminal activity—including prostitution, drug sales, and violent crime—was rampant.

In addition, about 40 units were in foreclosure. Those that were selling went for as low as \$7,000. Nearly 70 units were occupied by renters—some with as many as 10 people residing in the unit—and more than half were owned by one family.

The condominium's financial predicament was equally dire: As Florida real estate was experiencing the worst of the Great Recession's housing crash, the association board was facing nearly \$100,000 in legal fees from constant infighting, and a roofing contractor claimed to be owed \$450,000 for repairs. Reserves had seemingly "just disappeared" through board mismanagement or malfeasance.

By 2006, the city had charged the Towers with \$60,000 in fines for more than 900 code violations, which the association had ignored for nearly two years. Finally, Fort Myers gave the board an ultimatum: Bring the association up to code, or the building would be condemned.

Today, the Towers has been transformed into an award-winning community.



"The challenge was really overwhelming," recalls Terry Ondak, the current board president who bought his unit in 2005, largely unaware of the myriad issues faced by the crumbling condominium.

HELP WANTED

With the city's ultimatum looming, residents knew they needed to move quickly and bring in professional help. The association hired Alliant Property Management in 2006.

Even that wasn't easy, according to Alliant COO John Strohm, who attended some of the Towers board meetings during the critical transition in 2006 and 2007.

"Not before or since have I seen a project that needed so much work and was so dysfunctional," he says. "It didn't look promising for the property. At the time, I thought, 'How did they even get to this point?'"



INVESTMENT DIVIDENDS. The Towers Condominiums in Fort Myers, Fla., has spent an estimated \$1.7 million on repairs and improvements over the past decade, removing asbestos, repairing the roof and pool, restoring damaged concrete, updating the clubhouse, and more. Those investments have helped boost the sale prices of one-bedroom units from a low of \$7,000 in 2006 to \$60,000 or more today.



The board was so dysfunctional, in fact, that Strohm almost gave up on the community, telling himself before a meeting, "If they start screaming again, I'm walking out and not coming back."

Luckily, it never came to that, as a majority of the residents recognized that their condominium was desperately in need of help. Some association members were able to prevail upon others to put aside their lengthy history of personal differences and act decisively in their shared best interest.

When residents elected a new board at their 2006 annual meeting, Strohm describes it as a much-needed change. In a testament to the success of that initial board reorganization, many of the members elected in 2006 continue to serve still, including Orszak.

"We finally had people who were looking out for the entire community, (who were) not just in it for their personal agendas," explains Strohm.

TURNING AROUND

The association's turnaround didn't happen overnight; both Alliant and the board agreed that it took about seven years for the Towers to reach the level where it is today. Yet many of the physical and financial issues were so urgent that the initial changes happened quickly.

Thanks to a significant amount of negotiation by the association's attorney, the six-figure attorneys' fees for prior board squabbles were reduced by half, and the City of Fort Myers waived all but about \$1,500 in fines if the violations were resolved quickly. Further, with due diligence from Alliant's team of accounting experts, it became apparent that the roofer had been double-billing the Towers for all his work—one of many "under the table" contractors hired by previous board members.

"It was really sad that there was no transparency before," says Orszak.

With some of the financial burden lifted, the board, a newly

established maintenance committee, and the management company's team of experts were able to hire competent contractors to perform a full property assessment and devise a work plan. The association paid the contractors through a five-month installment plan.

With an immediate need to make the building habitable and up to code, the first order of business was to remove the asbestos, repair the roof, restore damaged concrete throughout the building, and fix the elevators. With those essential projects completed or in progress, next followed painting and repairs to the parking lot and other exterior features. The community also re-installed lights, which had been removed by previous board members as a

cost-saving measure, despite increasing crime. The community then added new security features and a functional gate system, trimmed trees and resolved ongoing water issues by cleaning all drains and installing curbs and new drains. The association also worked hard to re-establish its reserve fund.

Ondak estimates repairs and improvements at about \$1.7 million over the past decade.

"The property needed so much work that a special assessment was needed right away," explains Jonathan Bosa, Alliant's vice president of business development and administration.

The first special assessment of \$1,400 per unit was approved in May 2007, with subsequent special assessments in 2009 for \$500, and 2010 for \$400. Regular assessments also increased considerably.

ESTABLISHING PROTOCOLS

Not surprisingly, the primary reason the Towers was allowed to fall into such disastrous condition was because of a lack of protocol established by and for condominium owners. Ondak cites the example of one family who owned more than 30 units, almost all used as rental properties.

"That gave them a large interest in the Towers, so they could dictate decisions, even though they were treating it like an apartment building not a condominium association" he says.

Ondak recalls that there were "about five very bad owners," and while the board didn't have the authority to force them out, they did have the ability to issue fines for noncompliance. With the help of Alliant, the board made sure that all rules and regulations were up to date, clearly and consistently presented, and guaranteed to hold up if legally contested.

Meanwhile, there aren't any delinquent owners at the Towers today, compared to nearly half the owners in 2006.

The board also has implemented rules to ensure that the association doesn't backslide to its darker days, including restricting parking, second vehicles, numbers of guests, and numbers of unrelated people living in each unit. Further, the board capped rentals at 40 percent and limited how many units each owner can rent out.

In addition, now all buyers and new tenants at the Towers are given a thorough orientation to ensure that they are aware of the policies in place and to make it clear that "breaking rules will not be tolerated," as Ondak says, emphasizing that the board will not hesitate to evict a tenant or fine an owner for noncompliance.

GAINING RECOGNITION

Lest anyone wonder if all the money and effort are paying off, those one-bedroom units that were selling for \$7,000 in 2006 are now going for \$60,000 or more, and some of the larger two-bedroom units are now selling for about \$90,000.

The condominium hasn't received any code violations lately, and it has earned a "good reputation" from Fort Myers, resulting in a 50 percent decrease from peak property insurance costs.

"The improvements and the ongoing maintenance of both interior and exterior areas have made the Towers into a beautiful





property," Busa attests. "You would never believe what it used to look like."

About 50 of the units are now occupied by people who purchased their units since the Towers' turnaround, including about 17 who use them as second homes.

"The whole environment has changed, the people have changed, and the community has changed," Ondak says proudly. "People who are buying units now really like what they see."

In addition, the Towers Condominiums was named 2015 "Comeback Kid" in the Florida Communities of Excellence Awards, an independent recognition program for the state's tens of thousands of community associations.

Ironically, one of the judges who reviewed the category was quite familiar with the Towers. Mark Benson, a retired management company owner who now works as an expert witness and mediator, says his company managed the association for a brief time in the early 1990s.

"I knew firsthand that the association used to be so bad, so what they had done to turn it around was truly impressive," he says. "Simply looking at the difference in the sales prices was unbelievable and a really outstanding example of how they turned it around."

Benson says the board deserves a lot of credit.

"It takes a lot of guts for them to be that strong and stick to their guns to accomplish a goal that they've set," he points out. "I can imagine that their success has probably surpassed what they imagined. They were able to rebuild a pride-of-ownership in the property."

Ondak credits Alliant for getting the community back on track. He cites the importance of having the proper finance and accounting staff in place, along with the knowledge of insurance and legal issues that a management company brings.

"Having a licensed community association manager who is aware of all the state statutes is invaluable, so that you can conduct your budget meetings, properly issue fines, manage elections, and follow all appropriate laws," says Ondak.

And to think the partnership almost didn't happen.

"The irony is, back then, we wanted to fire them as clients," recalls Strohm, Alliant's COO. "This makes me believe in never giving up on a property. There's always hope, and if you get the right people on the board, you can accomplish anything." **CG**

Jennifer Miller is a freelance writer in Washington, D.C.