

R&G Management Company, Inc. presents:

WINTER 2005/2006

Report to the Board



Welcome New Communities

R&G Management would like to welcome The Paddock at Saratoga in Plainfield and Waterside at Northlake in Noblesville to our fine family of communities! We are glad you chose R&G for your management needs!

Welcome New Employees

Please join us in welcoming Joyce Scott to R&G's Accounting Department. She will be handling accounts payable as well as other accounting duties. We are glad to have her as part of our team!

Special points of interest:

- What Can You Expect Your Insurance Costs to be in 2005-2006?
- Welcome New Communities
- Welcome New Employees
- Building Community
- President's Message

What Can You Expect Insurance Costs to be in 2005-2006?

(Courtesy Association Times Dec. 2005)

I am sure many of you that purchase insurance for your homeowners association(s) and common elements are asked what can be expected in terms of cost at this year's renewal. The insurance market as a whole can fluctuate depending on catastrophic losses like hurricanes, 9/11, and other man made or natural disasters that affect the overall cost of insurance. Other factors like tort reform, new laws, and further state or federal regulation can also have a positive or negative effect.

As you are aware, 2004 was a bad year from a natural disaster standpoint. However, since the insurance rates had been so relatively high for the last three years, and the losses had been low, the carriers had a chance to rebuild their reserves and were able, in most cases, to withstand the negative impact of the multiple hurricanes in Florida during 2004. This does not mean that there was no effect, since coastal areas are having insurance placement difficulties, but it simply did not affect the rating structure country wide.

Looking at studies done for renewals in February it has been reported that for the first time in over 4 years renewal pricing is flat on a composite basis. This contrasts with a 9% increase in February 2004 and a 25% increase in 2003. The rates on average for all lines combined continued to decrease throughout 2004. In most cases the property insurance was the line of coverage that was showing the largest decrease from a rating standpoint.

Not all lines of coverage are showing decreases, however. In some cases, general liability and umbrella liability are showing slight increases for "tougher" classes of business. The underwriting community is mixed on where condominium and homeowners associations fall. Some insurance carriers consider the association business to be very good, while some do not want to write coverage for associations.

Coverage for directors and officers is a line of coverage that is still somewhat unstable due to poor claims experience as a whole. Some insurance carriers have had such bad experience with community association D&O that they will not entertain the risk. Others find that the association D&O business is very good. Rating for this line of coverage has stabilized largely due to the fact that there had been substantial increases in the past and carriers are now at a rating level where they can pay for losses and recognize modest profit.

Overall, it appears that pricing in general is stable across the insurance industry at this particular time. This can change due to the factors already mentioned and obviously it is especially hard to predict natural disasters. At this point in time, it appears safe to say that, unless there is a catastrophic event, homeowner associations should see stable pricing through at least year end, 2005.

Roger Watson, CIC
Vice President
Arthur J. Gallagher & Co.
Dallas, TX



Building Community

(Courtesy Association Times January 2004)

Successful community associations have a common thread: their leaders have focused on building a strong sense of community among residents in addition to ensuring that the community looks appealing and maintains property values. We all need to focus on the benefits of building community and assisting the leaders of community associations in fostering a sense of community in their associations.

So much of what we do every day is “negative” – enforcing deed restrictions, collecting assessments, denying requests for architectural changes. We need to focus on the positive aspects of living in and being a member of a community association – a neighborhood. An association's core purpose is not buildings, rules or money, but helping people.

Where to start:

- Acknowledge the need for a friendly approach – this is a customer service enterprise -- put people first! – democracy vs. mandating rules – provide responsible leadership. -Nurture relationships—owners, renters, committee members, volunteers.
-Show the residents that the association is not an impersonal bureaucracy.
-new owners especially need to lose skepticism about “condo commandos” so they will become involved in the leadership of the community
- Understand what the membership wants
-survey, survey, survey-what is important to owners and renters
-publish results, hold forums for discussion
-follow up with action.
-board's dedicated and patient commitment to member education – formal, written rules, enforcement process, collection process.
- Assign committees/task forces
-encourage volunteers, recognize them and reward them whenever possible: annual meetings, newsletters, press releases to local papers.
-solicit advice and input – if a member is constantly challenging decisions, encourage them to join the appropriate committee and participate in the process.
- Annual board orientation – review policies & procedures, governing documents, operating & reserve budgets, long term planning, applicable laws & legislation – rejuvenate, revitalize, invigorate

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Newsletter Program

Do you like this Newsletter? Your community can have a beautiful, professional, color newsletter too. All you have to do is submit your minutes or any community appropriate content you would like to see in your newsletter to your Community Manager. R&G Management can distribute it for you or if you have a Newsletter Committee that hand delivers

your newsletter you could do that as well.

We can publish a professional, color newsletter for your community at a reasonable price. Ask your community manager for more information and samples of past newsletters.



Building Community Continued

- Deed restriction enforcement
 - find ways to say “yes” – look for the gray!
 - reasonable approach to compliance – phone call, personal visit, nice “notice” letter, more formal letter, final visit
 - commitment to comply, even after the deadline, is better than noncompliance
 - publish guidelines for exterior improvements/alterations – make it easy to comply
 - send seasonal reminders, i.e.; removing Christmas decorations
 - recognize that special circumstances arise – work with member
 - due process – hold hearings if board decision contested
 - thank those who do comply
- Communications
 - newsletters, monthly meeting summary postcards, bulletin boards, door hangers
 - keep it positive – don't always repeat rules
 - educational forum from board to members
 - communicate constantly with candor and consistency

BE REASONABLE!

Marjorie Jean Meyer

CMCA, PCAM

**Vice President and National Director of
Education and Certification**

Associa

“We need to focus on the positive aspects of living in and being a member of a community association – a neighborhood.”



R&G Management’s Communities Surf the Information Super Highway

Did you know that your community has a website available? There are many useful features of the website created with the residents of your community in mind.

Registration is free and you will find a Resident Center containing links to your Association Documents, Forms, Newsletters, a Community Calendar, a Survey section, a Photo Gallery and much more! You can also contact R&G via the website for maintenance concerns or questions that may come up after regular business hours.

This is an awesome tool for the residents of your community. Go to R&G’s website at www.randgmanagement.com and click on the Association Websites link to find out what you have been missing. If your community doesn’t have a



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President's Message

We at R&G are hoping that all of you, our board members, had a joyous holiday season. December started off with a big snow that set our contractors on their heels along with straining our HOA budgets at year end. Most of us would have preferred the snow at the end of the month instead of weather in the fifties! Well, here in Indiana all we have to do is wait, change is in the air and winter has just begun.

During these sometimes slower times for our HOAs, we find projects that were put off in the past come to the forefront once again; such as administrative duties – developing and/or revising rules and regulations and/or community handbooks along with establishing committees to help communities run more smoothly. Winter time is also a great time to obtain bids and select contractors to perform those larger expenditures planned for the year such as; roofing, painting, asphaltting, pool renovation, etc. Your community manager is ready to assist the Board in all of these above undertakings to help 2006

be as trouble free as possible. Remember the old saying; *fail to plan, plan to fail!* Yes, our mothers were correct after all!

We at R&G hope you have enjoyed the informative articles in this issue of *Report to the Board* concerning insurance rate trends in the near future (like anyone can really determine where they will be) and building community in your association. A process and attitude that must constantly be pursued and promoted by all of us.

We appreciate your business and we are here to serve you, our valued clients in making 2006 a success in your community. We at R&G wish all of you a prosperous and rewarding 2006.

Matt Englert, PCAM
President of R&G Management Co., Inc.