

February 9, 2016

Dear Committee on Local Government,

Good afternoon, my name is Rodney Wright and I am the President of HOA Management Services located in Wichita, KS. My company manages 127 homeowners' associations with over 22,000 homes in South Central Kansas.

In March of 2015, the community owner's bill of rights was introduced to the Committee on Federal and State Affairs. The Wichita Area Builders Association, Rod Hoffman—an attorney for Martin Pringle in Olathe, KS, and myself testified on how the Community owner's bill of rights would impact homeowners' associations. Fortunately, the Committee did not approve the bill.

We are here now to discuss HB 2557, which is exactly the same as the community owner's bill of rights as it was presented on March 15, 2015. I still strongly oppose this bill.

Homeowners' associations were created for several different reasons----to help maintain property values, to ensure that residents did not have to live next to a person that leaves engine blocks in the front yard or next to a person who doesn't care about mowing their grass. People buy into these communities because they want the security of knowing their home value will stay at its highest and there is something in place to enforce when a neighbor is not taking care of their property.

Homeowners' associations were also created so that the city and county does not have to incur the costly expense of maintaining common areas within the neighborhoods, such as mowing the grass around retention ponds, insuring and maintaining playgrounds and neighborhood pools.

In the Wichita-Sedgwick County Subdivision Regulations (see Exhibit A):

Section 7-207. Reserves states, among other amenities, "lakes and ponds" "shall be platted as reserves."

Section 7-207 (e) states that "When a reserve is platted, a covenant shall be filed that specifies that future ownership and maintenance of reserves will be the reasonability of the homeowners' or lot owners' association made up of the property owners of the lots benefiting from the reserves"

Section 7-207 (f) "Reserves are to be owned by an association representing the owners of the lots that benefits from the amenities of the reserves."

In Sedgwick County, it is common practice to require retention ponds to regulate flooding and assist with drainage.

In the governing documents of an Association, it is spelled out that each reserve must be maintained by the Association. Reserves can have many different amenities placed on them, like entry monuments, playground equipment, pools, clubhouses, irrigation, sidewalks, etc. All of these amenities have to be maintained by someone, and they all cost money to maintain and insure. Without a homeowners' association to collect assessments for the care of these areas, who is going to take care of these areas?

Passing the community owner's bill of rights would accomplish several things. First and foremost, it would flood the Attorney General's office with frivolous complaints that they would be required to investigate. I can only imagine the Attorney General has more pressing matters to deal with than investigating how Mr. Smith's rights as a consumer have been violated because he was sent a letter for a trash can violation. Second, the community owner's bill of rights would prohibit restrictions on the number of rental properties allowed in an association. Exhibits B, C, D & F contain letters from Board members that do not want rental properties in their associations. This is an ongoing battle between association residents and Boards alike versus investors. These Board members are opposed to the community owner's bill of rights.

Third, the community owner's bill of rights would allow residents to dissolve an association with a 2/3 vote of the unit owners. By doing so, you would be taking away the rights of a consumer that wants to live in a covenant community. Additionally, this would revert to leaving the common areas and reserves of the association and the amenities that are contained therein in a questionable state.

Additionally, the community owner's bill of rights would take away the power of the Board of Directors to effectively pursue all avenues to enforce the governing documents by forcing mediation before any other legal action could be taken.

Professional management companies like HOA Management Services are in business to *help* associations. We maintain their accounting records, enforce the governing documents, maintain the common areas, keep the Boards updated and in compliance with state statutes, and educate the Boards on good business practices of associations. We also maintain consistency for associations when the Boards experience turnover. If you have ever been on a Board of Directors for a homeowners association, it can be a bad experience without a management company. In this day and age, people are more defensive and combative when it comes to their properties. Board members do not want to ask their neighbor when they are going to pay their assessments or tell them that they cannot park their boat in their driveway. That is why they hire management companies. We perform these duties for the Board so the target is placed on our backs, instead of on the Board. This is a great relief to the Board members---feel free to ask the Board members of the 127 associations that my company manages!

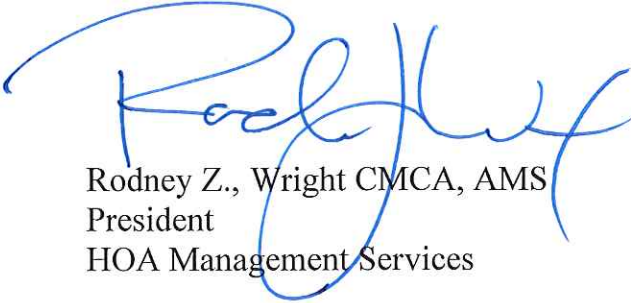
In closing, we have all heard the horror stories about a homeowners' Board's going "sue-crazy", but the fact is that just does not happen in Kansas. In the 8 years that I have been in business, I know of only 3 Associations have sued residents in Sedgwick County, and in each case the courts sided with the Association. The community owner's bill of rights was introduced in 2015 because two residents in an association in Wichita were upset about an issue that the Association had no authority over. If potential

buyers would take responsibility to read the governing documents before they buy into an association, 90% of all legal issues could be avoided.

As a consumer myself, I'm all for protecting the rights of the consumer. However, as a Manager, preserving the Board of Directors ability to govern the association is equally important.

Thank you very much for letting me share my thoughts with you here today.

Regards,



Rodney Z., Wright CMCA, AMS
President
HOA Management Services