

# Risk Insights

Provided by The Daniel and Henry Co.

## Conducting a Condo or HOA Site Inspection

Regular property inspections are an important part of managing condominium or homeowners association (HOA) risks. Thorough inspections increase the safety and well-being of homeowners, protect property values, and reduce the risk of costly repairs and lawsuits.

### Why should HOAs conduct regular inspections?

Conducting inspections regularly keeps an HOA on top of security risks, as well as maintenance and building problems. A thorough inspection should do the following:

- **Increase the safety, health and welfare of all association members and guests:** Regular inspections ensure your HOA community is a safe place to live. One significant area of liability for HOAs is slip-and-fall accidents, which indicate the need for frequent inspections of sidewalks, driveways, parking lots and roadways throughout the property. Surfaces should be inspected for uneven and free of snow and ice during cold weather.
- **Identify problem areas before they get worse:** If deterioration of common amenities is detected early, it could save the HOA money if repairs are made before the damage becomes even more costly.

Different seasons bring different property risks. Season-specific inspections—such as checking chlorine levels in an outdoor pool during summer, leaf buildup in eaves and gutters in the fall and sidewalks for ice in winter—should be done along with regular inspections.

Inspections show an HOA's insurance carrier that it is proactive in addressing exposures and reducing loss.

### Can an HOA inspect a homeowner's unit?

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Shared amenities—parking lots, pools and the clubhouse—are the usual places to inspect, but there may be instances where homeowners are violating rules on their individual properties. Sometimes the rule violation simply has to do with maintaining the aesthetics of the property as stated in the bylaws; but other violations pose serious health and wellness issues or other costly risks to the HOA. For example, if the condominium is a nonsmoking building and some residents choose to smoke in their units, they create a potential fire hazard for all homeowners.

The media has recently drawn increased attention to hoarding behaviors and the dangerous health and environmental problems hoarders can pose for themselves and those around them. This may also be an issue of concern for your HOA.

However, an HOA cannot enter a homeowner's private unit to investigate potential violations or conduct inspections without his or her permission, unless due to an emergency. In some cases, the HOA may have to obtain a court order, which could be difficult, as the HOA must show probable cause as to why the residence must be entered.

## What is the property manager's role in inspections?

An HOA property manager is responsible for carrying out site inspections according to a schedule determined by the bylaws or the HOA board. Not only do they conduct formal inspections, but they serve as the HOA's eyes and ears, finding and correcting hazards, and ensuring members and their guests follow the rules for both individual properties and shared amenities.

If your HOA does not have a property manager, the board or another appointed person should conduct the inspections. Keep in mind that inspections should always be fair, especially when it comes to individual homeowners' properties.

## Six HOA Site Inspection Steps

Whether inspecting communal areas of the HOA or a homeowners' properties, take a comprehensive approach to examine all areas of risk. This may take extra time and effort in the beginning, but will become easier and routine over time:

- 1. Check the HOA's bylaws and state statutes:** The HOA's bylaws may have inspection requirements, including the minimum for what should be inspected and how often. Also, look at state statutes regarding inspections; for example, HOAs should check local fire codes and conduct inspections of fire alarms and extinguishers a certain number of times per year, depending on the state. An HOA's insurance company may also have recommendations for what to inspect and how often.
- 2. Document the inspection:** Documenting the inspection results is critical, as it serves as a written record of problems, issues and violations. As with any HOA document, the inspection documentation should be clearly written and professional, as it may serve as evidence in case of a claim against the HOA.
- 3. Create an inspection checklist:** List all areas and amenities of the association's property and define the items to check in each area. It's important to revise or add to the checklist as new issues emerge; but the same checklist should be used for every inspection.
- 4. Update the checklist with corrective measures:** It's important to identify problems, but it's just as important to fix them—either on the spot or in a timely manner. Serious problems should be addressed immediately, but there should also be a timetable for correcting problems of other varying priority levels.
- 5. Present site inspection results to the board:** Outcomes from site inspections should always be communicated to

the board, as the results may require action from the HOA's leadership and or affect the annual budget. For example, if the inspector notes that the pool is beginning to deteriorate and will need repair, the board should keep this in mind when they discuss the annual budget.

- 6. File the checklist with the HOA's records:** Inspection checklists should become a permanent record of the HOA. They serve as a record of maintenance, how problems were addressed and when, and may serve as evidence in a lawsuit.

Inspections are a major component of an HOA's risk management plan. For more information on inspection basics and insurance for your HOA, contact The Daniel and Henry Co. today.