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***“Whether Self or Professionally Managed...
It Takes a Team to Manage the Village”***

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So you live in a condominium, townhome or homeowners association and were told that everything would be done for you, right? Well, what “they” didn’t tell you was that—whether self or professionally managed—the Board of Directors of your association is ultimately the head of the Team responsible to ensure that everything is done accurately and in the best interest of the owners. And, if you live in a smaller property—usually 12 units or less—it may be cost prohibitive for you to hire professional management, so self-management may be the only choice. While the outsourcing of certain tasks, such as financial, may be a cost-effective option to consider, the ultimate job of running your property will be vested with the board.

First off, let’s dispel a common myth... Even if an association is large enough or has the financial means to be able to afford professional management, the board and owners cannot turn a blind eye to what is going on with their property and association. Nobody has the right to make this stuff up—not the board, not the owners, not the manager. Your association is a corporation, probably worth hundreds of thousands or millions of dollars and must be run like a professional business and per the applicable laws. The board has specific duties and obligations, and the owners should want to ensure that their property is being properly managed. After all, for most, this is not just the owners’ homes, but also a very large investment that hopefully will increase in value if managed and maintained properly.

While a good management company will take the implementation and other burdens off of the board’s shoulders, it is the board’s fiduciary duty to ensure that the association is being managed correctly, per the Illinois Condominium Property Act (ICPA) and the association’s governing documents. So, if you think that hiring a management company is going to release all duties from the board, then these unrealistic expectations may not only leave you and the owners disappointed, but may also be setting your management company up to fail.

It Starts With The Board

Regardless of whether an association is self or professionally managed, it starts with your *Team Captain*, the board. Proper board training, good management protocols and quality owner communication are essential to the success of all associations, regardless of the size of the property. The smaller the association, the quicker problems will rise to the top so the best way to avoid issues, is by doing things correctly. Tools to accomplish this include, but are not limited to: 1) General understanding of the ICPA, which governs all Illinois associations; 2) Specific understanding of the association’s governing documents (i.e., Declaration, By-Laws, Rules & Regulations) and the nuances of your property; 3) Establishment of efficient protocols for the

administration and operations of the property; and, 4) Efficient and consistent communication between the board members, management and owners.

An unprepared board will waste time and money for themselves, the owners and the management company. Board training, whether obtained through trade organizations, the management company or customized to the property by a consultant, will save time, money and frustration for all parties involved. It usually not only empowers boards so they have the tools to make informed business decisions that can be implemented consistently, but it increases confidence in the owners that the board is acting appropriately and treating each owner equally. This is true not just for newly formed start-up associations just turned over from the developer, but is often invaluable for existing associations who may in fact have been doing things incorrectly for many years because “this is how it’s always been done.”

Changes happen every year to the ICPA, and ignorance of the law will have a negative impact on the board's decision process should an angry owner decide to sue. Because of a lack of knowledge on board protocols, there are usually one or two board members that end up doing all of the work of an association. This often creates “Board Burnout” or resentment by the members working on everyone’s behalf and disinterest by other owners to volunteer for the board. A well-run association will generate future board members through committees, and common interest in taking part in the operations of the property. It also helps in having a more harmonious community for everyone to live peacefully!

[Give Management The Tools To Do A Good Job](#)

If you are professionally managed, your property manager and management company is your *Implementation Team* who cannot effectively perform their duties unless they are given clear and concise direction from the board. A manager receiving conflicting direction from different board members, or no direction at all, will be unable to work effectively. Boards often blame the manager if things don’t get done when, in fact, it may have been the board's inability to agree on a course of action and/or communicate that caused the problems. Discuss with your manager the best way for the Team to efficiently work together, and make sure that all board members and owners do not sway from the agreed upon protocols. Any professional working relationship takes time, so it is important to establish good communication and realistic expectations.

[Working With Your Existing Manager](#)

If you are professionally managed but may be dissatisfied with the service you are receiving, your first step is to have a productive meeting between the board and manager to discuss the perceived problems and agreed upon resolutions. Do not blind side your manager at an open meeting or be accusatory as this may lead to a negative relationship. Proper communication is essential to give the manager the opportunity to correct the problem within a reasonable amount of time. Confirm the meeting and agreed upon course of action in writing to ensure that everyone is on the same page. Review at the goal date and communicate the successes and/or failures, making adjustments and new goals, as needed.

[Go Up The Food Chain](#)

If that does not work, request a meeting with the manager’s supervisor and/or the principal of the management company. Unless negligence is suspected, it is always recommended that an association exhaust all options with existing management prior to changing companies. Perhaps the firm can provide the manager with additional training? Maybe the manager has too many properties in his/her portfolio and requires more assistance? Is the management company providing the manager with the proper protocols and staff from the main office to efficiently support the manager? Or, perhaps the needs of the association have changed requiring a review of the management and/or maintenance profile? If it is determined that this is not a “company” issue,

then the next step may be to request a new manager for the property that may better meet the needs of the association. Be sure to always document everything in writing, provide a reasonable timeframe for resolution, and review the situation at the agreed upon deadlines.

Review The Management Contract

It is important to ensure that the services being requested by the board are, in fact, included in the contractual relationship between the parties. Often an association's needs may change from the inception of the contract signed years before. If so, then the management company may not be aware of the need for added services for which they may charge additional fees. If this is the case, then the board may need to renegotiate the contract so the missing services will be provided. Perhaps the project load may require some form of on-site management that off-site management may not currently be fulfilling? If it is determined that a mutual resolution cannot be achieved, you may need to consult with your condo attorney to review the termination clause of the management contract. Termination "for cause" may require a "cure" period to rectify a problem, which sometimes results in confusion as to whether the problem has been cured. There may be a 30-60-90 day written termination needed in order to end a contract and/or ensure that it does not automatically renew on an annual basis. When in doubt, obtain a legal opinion to ensure compliance.

Finding Professional Management

The decision to change management companies or find a management company to replace the developer should not be taken lightly or done out of haste. This will most likely be one of the most important decisions that the board will make on behalf of the owners and proper due diligence is required. Since the process can be confusing and time consuming, the board may consider hiring an outside consulting firm to oversee the search, can implement this task themselves and/or can seek volunteers to form a Management Committee to involve owners in this very important task. The more accurate information an association presents during the process, the more realistic a prospective management company can bid for the contract and match the right personnel to the association. A thorough and realistic review of the budget and services needed to efficiently manage the association is mandatory if the board hopes to obtain these services from new management and communicate these needs to the owners, especially if it may result in assessment increases.

The first step is for the board or committee to perform a *Needs Analysis* to determine an agreed upon *Criteria* that is required to efficiently meet the needs of the association. This thorough analysis should include, but may not be limited to: 1) Type of management needed (i.e., off-site vs. on-site management); 2) The physical attributes of the property; 3) Maintenance and financial requirements; 4) Current and pending projects requiring implementation; 5) Special projects and assessments anticipated; 6) Status of delinquencies; and, 7) Future anticipated reserve funded obligations, etc. A newly turned-over association that will require start-up protocols or a mismanaged association with many pending projects may be considered "higher maintenance" and will require more hours from management, at least upfront, than an existing association that has been running smoothly.

A *Request For Proposal (RFP)* should then be created based on the *Criteria* to ensure that all applicant companies would provide equal information, so the credentials, personnel, services and fees offered by each firm may be compared on an apples-to-apples basis. All companies should be allowed a walk-through of the property by a knowledgeable board or committee member and clear logistics and deadlines of expectations should be provided. The RFPs should be narrowed down to the top 3-4 companies and those firms, including all proposed personnel, should be interviewed and references checked prior to making a final decision. If the fees appear too low and it seems too good to be true, it probably is. Be sure that the firm is experienced in association management, and not just apartment rental management, or the board and owners will pay for their learning curve. The management contract should itemize all agreed upon services, fees and additional

expenses, attach the submitted proposal as an exhibit to the agreement, and should be reviewed by your condo attorney prior to signing, especially in terms of negligence, liability and termination clauses.

If coordinated thoroughly and efficiently, this entire process should take about 90 days from research through start date, will weed out companies that are not able to properly service your association at that time, and the final contract will include all mutually agreed upon services. This should protect the association in the event of a breach of contract in the future if services are not rendered as specified. And, most importantly, it should result in happy owners and a positive, productive and long-term relationship between the association and management.

Owner Involvement on the Team

So, are the owners obligated to sit on the sidelines or do they have a say in the Team besides yelling from the bleachers? Another common myth, especially in the smaller associations, is that everyone gets to take part in the decision-making process. This is incorrect and, in most cases, nothing gets done when you have “decision by mob rule.” The owners’ main job is to vote in the board that will make decisions on their behalf, but the owners do have some additional responsibility in the team effort. While it is important for owners to ensure that the board and/or management are protecting their individual investments correctly and efficiently, they need to be careful so as to not interfere in the daily operations of the management of the property. The owners may not be privy to all of the information that the board and/or management has researched and reviewed. The board is not obligated to share certain information that can be discussed only in Executive Session. Many well-meaning owners can stall the process of getting action items completed by being disruptive at meetings, lessening the productivity of the board. All owners are encouraged to direct their energy either by being on the board or by volunteering to participate on a committee.

That said, there are times when the board and/or management may not be handling things correctly, and the voice of the owners is necessary to ensure there is a “checks and balance” in the overall process. This is especially true if board decisions appear to be made based on personal agendas or a conflict of interest instead of the betterment of the association. In extreme cases, lawsuits have been filed against associations to force a board into compliance. If frivolous, these suits cost everyone in wasted time, an uncomfortable community living experience, and increased assessments including the owner that filed the suit. A happy medium is needed. Owners should use the proper forum to identify issues with the board and/or management actions with the goal of productive and positive communication.

Team Assistance

And, when the Team requires outside help, the appropriate association-related professionals need to be brought in including, but not limited to, condo attorneys, accountants, insurance brokers, engineers, training consultants, contractors, etc. to guide the board on how to proceed, when needed. Many associations think they are saving money by trying to figure it out themselves, but end up wasting valuable time and money by not doing things correctly from the start, often costing more in the long-run.

This brings us back full circle... the Team starts with the board and a full understanding of proper roles, responsibilities and association protocols in order for the Village to run efficiently. It includes savvy interested owners to serve on committees, attend board meetings and stay informed on the management of the property. Quality professional management may serve to support the Team, backed by professionals in an assortment of specialties to complete the circle. The goal is to get all Team members in place, functioning like a well-oiled machine, resulting in the number one goal of the board, which is to protect and increase the value of the property.