

Association of Condominium,
Townhouse, and
Homeowners Associations



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UPCOMING ACTHA EVENTS

North Expo: Sat., Oct. 1
South Expo: Sat., Oct. 15

WEBINARS EVERY MONTH!

EFFICIENT SELF-MANAGEMENT IN THREE EASY STEPS

By

Angela Falzone, Association Advocates, Inc.

Are there reasons why a Board would choose to self-manage? Is there an advantage to self-managing over professional management? How much more work is involved?

The smaller the association, the more these questions are relevant. Why? Because most “good” management companies generally find it cost prohibitive to manage the smaller properties. If the price sounds too good, it probably is. A qualified firm specializing in condominium or community association management will usually charge a fee based on a minimum number of units, limited services or monthly cost.

While there are some new, smaller real estate and apartment management companies offering management services, the costs can be high and/or escalate without warning by hidden fees, the quality of service can be less than desired, and their knowledge base of Illinois law is often limited. Incorrect guidance from Management may create increased legal liability and unanticipated costs for the association.

So, what is the small association left to do? Learn how to do it efficiently and correctly. That may produce more work initially for the board, but the advantages can be great including, but not limited to: saving a monthly management fee; hands-on control of all aspects of the property; and, maintaining costs without surprises. Once the knowledge, protocols, and vendor relationships are in place, what seemed like a daunting task will become a functioning business to be monitored, not re-invented every day.

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STEP ONE: Learn the basics. All associations, no matter what size or if self or professionally managed, are governed by their declarations/bylaws and applicable laws. These documents form the foundation from which all management must start. Many boards make it up as they go along and find themselves in serious, costly trouble when all they had to do was understand the basics of the laws and governing documents. Following these templates will save the association time and money. Going to seminars and getting proper training will help the board understand its role and how to manage their association effectively.

STEP TWO: Hire the right professionals to help the board perform their job correctly. Most self-managed boards think they have to know and do everything by themselves. While this may save money, the downside will be evident when they have to pay to correct the outcome of their mistakes. Increase your efficiency and decrease your legal risk by surrounding yourself with knowledgeable, professional vendors that specialize in the community association industry.

If the association's governing documents and protocols are confusing, hire an attorney or management consultant to explain it. Collecting assessments and paying bills are both important objectives that can be outsourced to some professional accounting or management firms resulting in efficient money handling and accurate, monthly financial reporting. Rather than depend on owners to clean the halls, find a good maintenance company who may also offer on-call emergency troubleshooting. An insurance agent will ensure you are adequately protected with coverage compliant with State statute. Upon vendor selection, document the agreed upon services in a contract signed by both parties with clear terms, fees and termination provisions.

STEP THREE: Create protocols identifying the Administrative, Financial & Physical aspects needed to manage your property, assemble an Annual Calendar and document it all in your Operations Manual. This then becomes the template for your association that all future boards will follow, making the management of your property transparent, consistent and of the best quality within your budget. Your Operations Manual should be updated annually and include but may not be limited to: all contracts and vendor contact information; emergency procedures and contacts; owner contact information; insurance; budget; etc.

If your association is large enough to afford professional management, by all means, do your homework, check credentials and references, and hire the most experienced firm you can find within your budget. But if you are too small to be considered, or feel you cannot afford the higher price for the services you will need, rest assured that self-management is not only doable, but very often the right choice.

By following these guidelines, you will not only have created the successful template to manage your property, but will have lessened your legal risk and burden as a board member and made it possible for other owners to step up to the plate and take your place. This added benefit will ensure you won't have to be on the board for the rest of your life while you enjoy knowing your property is being well managed. It's a win/win!

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NOT INTERESTED IN SELF-MANAGEMENT OR HAVE PROFESSIONAL MANAGEMENT?

Then you will be interested in the seminars on the new Manager Licensing Act which ACTHA will present at both Expos.

Angela Falzone, who serves as a member on the Advisory Board for the administration and implementation of this law, will be one of the presenters, along with attorneys Mark Pearlstein and Bob Prince.

The North Expo is Sat., Oct. 1 at the Deerfield Hyatt and the South Expo is Sat., Oct. 15 at the Tinley Park Convention Center.

More info and registration can be found on page 6-7