

# Association Advocates, Inc.

Helping Homeowners Protect Their Investment



## SELF VS. PROFESSIONAL MANAGEMENT

*Which One Is Right For Your Association?*

### I. MANAGEMENT BASICS FOR ANY ASSOCIATION

- A. Associations are Not-For-Profit Corporations
- B. Must understand & adhere to ICPA and Association's Declaration/Bylaws
- C. Section 18.4 of ICPA: Powers & Duties of the Board
- D. Think Strategically — Three Aspects to Managing any Property:
  - 1. Administrative
  - 2. Financial
  - 3. Physical
- E. Roles and Responsibilities
  - 1. Owners vote in the Board and participate on committees, if applicable;
  - 2. Board makes decisions and implements decisions, if self-managed;
  - 3. If professionally managed, the Manager implements decisions made by Board.
- F. What Professional Management is NOT
  - 1. Management is NOT a replacement for the Board
  - 2. Without clear directives from the Board, Management will NOT be efficient
  - 3. No Management Company will be perfect

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### II. NEEDS ANALYSIS

- A. Perform Analysis of Specific Needs for your Association & Property
  - 1. Criteria needed to manage efficiently: Administrative, Financial & Physical
  - 2. Availability and ability of Board to perform these tasks
  - 3. Ability to obtain professional management
  - 4. Financial impact on owners

### III. SELF-MANAGEMENT

- A. Decrease your Legal Risk and Liability
  - 1. Self-managed boards will be held to the same standards, criteria and laws as professional management
  - 2. Board is obligated to understand and follow all governing documents
  - 3. Proper procedures and protocols may prevent decisions from being challenged and may lessen the risk of possible litigation
- B. Increase Efficiency — Assemble Your Professional Team of Advisors
  - 1. Board Training—abide by your Association's governing documents
  - 2. Efficient Protocols—make it a *process* not a *project*
  - 3. Condo Attorney—for legal opinions and collections
  - 4. Financials—for assessment collections and bill payments
  - 5. Project & Loan Management—for capital repairs and improvements
- C. Owner Communication
- D. Committees

**IV. PROFESSIONAL MANAGEMENT**

- A. Do your Homework and Don’t Decide in Haste!**
- B. Determine the Criteria for your Association**
  - 1. Off-Site Portfolio vs. On-Site Office
  - 2. Administrative, Financial and Physical management requirements
  - 3. Current and pending Action Items
  - 4. Special projects and assessments anticipated
  - 5. Status of delinquencies
  - 6. Owner occupancy vs. Renter occupancy
  - 7. Owner and Board expectations
- C. Create a Request For Proposal (RFP) for Equal Comparison including, but not limited to:**
  - 1. Monthly/per unit fee
  - 2. Services included in fee
  - 3. Itemization of extra charges
  - 4. Emergency protocols
  - 5. Credentials of Property Manager & Supervisor assigned to your Association
  - 6. Number of buildings and units/per Property Manager and Supervisor
  - 7. Frequency of property inspections by both Property Manager and Supervisor
  - 8. Protocol to change manager or address issues, if needed
  - 9. Termination Clauses
- D. Interview 3-4 Finalist Firms including Team Proposed**
- E. Check References**
- F. Negotiate Contract & Obtain Legal Review**
- G. Transition Protocols & Communication with Owners**
- H. Board/Management Conflict Resolution**

**V. WHETHER SELF OR PROFESSIONALLY MANAGED...**

- A. It starts with the Board!**
- B. Give the Board/Management the Tools, Timely Decisions and Resources to do a Good Job**
- C. Set Realistic Expectations and Goal Setting**
- D. Don’t be Penny Wise and Dollar Foolish—Hire the Appropriate Professionals**
- E. Communication between Board Members, Management and Owners**
- F. Efficient Management = Decreased Liability, Increased Property Values & Happy Owners!**



*In 2002, Shirley Feldmann founded Association Advocates, Inc. after her board member experiences owning both new construction and conversion condos and realizing that there are few places to turn to for personalized consultation, especially for the newly formed or self-managed association. Shirley teamed up with Angela Falzone, 30-year property management veteran, to educate consumers on how to protect their investment and increase their property values—a unique service especially in this uncertain and competitive real estate market. To date, AAI has helped more than 70 association clients, ranging in size from 3 to 700 units, management companies, Realtors® and developers—with board and self-management training, developer turnovers, start-up association procedures, new management searches and transitions, consultation retainers, and project and loan management. Many free resources are available on our website including seminars/events, published articles, radio shows and handouts from past speaking engagements.*