

HOA HOMEFRONT

ASSOCIATIONS HAVE MANAGEMENT OPTIONS

BY KELLY G. RICHARDSON

Choosing management assistance is one of a board's most important decisions. Even the smallest associations will benefit from some form of professional management.

What is a "manager"? Managers carry out the association's day-to-day operations, advising and providing information to the board and carrying out its policies and instructions regarding association property and funds. A manager may be an unpaid volunteer or may be paid. The paid manager may be an association employee, a consultant, or an employee of an outside company. In California, no license is needed to manage homeowners associations.

Volunteer management

Many associations use volunteers for their management functions. The motivation for volunteer management is primarily to save cost. In volunteer management, volunteers place themselves in the role of an unpaid manager — with all of its risks and no reward. Volunteer managed associations often find it

difficult to find candidates for the board, since directors work so much harder when they are also managers.

Financial management

This involves collecting assessments, paying bills, and preparing monthly and annual financial reports, disclosures, and budgets. A financial manager typically does not visit the property. Management companies often prefer financial management because it is more predictable and less prone to the extra work of managing the property. Some accountants also offer financial management services. Associations struggling with the cost of full association management may wish to consider at least financial management.

Property management

Property management involves responsibility for keeping up the condition of the buildings and grounds and may include routine inspections for architectural violations, maintenance items and repair needs. The plumbing leak on a Sunday afternoon and the broken window on Tuesday evening are all part of

the routine for a property manager. Property management, when coupled with financial management, is called "full management." Some associations choose to hire one company for financial management and another for property management services. Full management services normally cost significantly more than only having financial management.

Off-site/on-site

Most associations are managed by persons working at a location at a management firm office. Some companies provide managers who work on site, at a greater cost. On site managers may provide a higher level of service for that greater cost.

Portfolio vs. general manager

Portfolio managers simultaneously work for multiple associations, while general managers work for just one. Most associations cannot afford general managers. An important question to the portfolio manager is "how many other associations will you handle along with ours?" A lower management fee can result from a company overloading its man-

agers. For some, cost is the only concern but that can relate to the quality of personnel and level of service. Ask questions, and make sure your association understands what it is receiving. HOAs get what they pay for.

In-house management

Larger associations may choose to hire their manager and staff as direct employees. This gives the association more control of its management at less cost than the rates charged by a management firm for the staff it provides. The drawback is the opposite side of the coin — the association takes on the responsibility of finding and screening management candidates and supervising them as employees.

Choose the management style best serving the community's interests and needs, rather than automatically selecting the lowest bidder.

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