

Association Advocates, Inc.

Helping Homeowners Protect Their Investment



CAI-IL 27TH ANNUAL CONFERENCE & TRADE SHOW JANUARY 17, 2009—8:45 SESSION / SHIRLEY FELDMANN “SELECTING A MANAGEMENT COMPANY”

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
- G. Value that Professional Management Should Provide**
 - 1. Management should perform tasks to take work off of the Board’s shoulders
 - 2. Management should have efficient protocols already in place
 - 3. Management should provide Board with proper guidance and direction ensuring that Board and Association stay in compliance with all legal requirements

PROPERTY CONSULTATION

Angela Falzone
310 Busse Hwy.
Suite 316
Park Ridge, IL
60068

847.685.0710
fax 847.685.0709

PROJECT MANAGEMENT

Shirley Feldmann
4114 N. Lincoln
Suite 312
Chicago, IL
60618

773.348.0742
fax 773.348.0799

II. NEEDS ANALYSIS PRIOR TO STARTING MANAGEMENT SEARCH

- 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 some or specific tasks
 - 3. Ability to obtain professional management
 - a) Some properties may be too small
 - b) Most credible management companies have a monthly minimum fee
 - c) Financial impact on owners—may be cost prohibitive
 - 4. Review financial needs such as delinquencies and foreclosure issues
 - 5. Owner occupancy vs. Renter occupancy
 - 6. Owner & Board expectations—set realistic requirements to avoid disappointment
 - 7. Anticipate pending and future projects requiring oversight
 - 8. Consider design and amenity needs such as pool management, party room, etc.
 - 9. By completely understanding the needs of your property and Board, you will then be able to better identify the best firm to meet those needs!

III. SELECTING PROFESSIONAL MANAGEMENT

- A. Do your Homework and Don't Decide in Haste!**
- B. Based on your Needs Analysis, Determine Type of Management Required By Your Association**
 - 1. Full Management or Financials Only Management
 - 2. Off-Site Portfolio vs. On-Site Office with either Part-time or Full-time Property Manager
 - 3. Budget for Management Fee and Property Manager Salary (if applicable)
 - 4. Scope of Services that will need to be provided by Management
 - 5. Exclusion of Services that Board may be able to provide to lower management fee
- C. Pre-Qualify Management Companies**
 - 1. Not all Management Companies are created equally!—Be aware of management firms that do not specialize in condo/townhome associations as apartment management is completely different
 - 2. Some firms only provide On-Site Management and no Off-Site Portfolio Management
 - 3. A suburban firm may not service Chicago-area properties and vice versa
 - 4. Provide Pre-Qualified Candidates with the Criteria you have determined is needed for your Association. This will prevent ambiguity and wasted time for all parties involved.
 - 5. Management can then select the appropriate Staff to meet those needs or, if the firm feels they cannot successfully meet those expectations, they may decide not to participate in your Search.
- D. Create a Request For Proposal (RFP) for Equal Comparison including, but not limited to:**
 - 1. Monthly/per unit fee and annual increases
 - 2. Services included in fee and Itemization of Extra Charges
 - 3. Emergency protocols
 - 4. Credentials of Property Manager & Supervisor assigned to your Association
 - 5. Number of buildings and units/per Property Manager and Supervisor (if Off-Site Portfolio Mgmt)
 - 6. Frequency of property inspections and meetings by both Property Manager and Supervisor
 - 7. Protocol to change manager or address issues, if needed
 - 8. Termination Clauses (“No Fault Termination” with 60-90 notice and no Penalty is recommended)
- E. Interview 3-4 Finalist Firms including Team Proposed & Check References**
- F. Negotiate Contract Per Scope of Services Required & Obtain Legal Review**
- G. Transition Protocols & Communication with Owners**
- H. Board/Management Conflict Resolution**

IV. 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 100 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.