



HOA Homefront

What To Look For In A Community Association Manager, Part I - Options

By: Kelly G. Richardson

In the world of common interest developments, the choice of management is one of the most important decisions for every Association. There are many alternates, the choice of which can greatly change the course of the community.

What Is A "Manager"? A "manager" is anyone who carries out the Association's day to day operations, providing information to the Board and carrying out its policies and instructions regarding the Association's property and business. A manager may be an unpaid volunteer or may be paid to manage. The manager may be an employee of the Association, a consultant, or an employee of an outside company. No license is needed in California to manage a common interest development.

Self-management. Many Associations use volunteers to handle the Association's management functions. The motivation for volunteer self-management is primarily to save the cost of a paid manager or company. Self management also involves volunteers placing themselves in the role of an unpaid manager - with all of the risk and no reward. Self-managed Associations often find it difficult to find volunteers for the Board, since directors work so much harder when they are not only directors but also managers.

Financial Management. An Association's financial management normally involves collecting the assessments, paying the bills, and preparing normal financial reports and budgets on a timely basis. A financial manager rarely needs to visit the property. Management companies often prefer financial management because it is more predictable and less prone to extra work. Some accountants also offer financial management services. A financial manager should have solid accounting and bookkeeping skills, and also should be familiar with the specific aspects of the Davis-Sterling Act regarding financial matters.

Property Management. Property management normally involves keeping up the condition of the association buildings and grounds, and may include routine inspections of the grounds 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 is often coupled with financial management, and then is called "full management." However, some Associations choose to hire one company for financial management and another for its property management services. Full management services normally cost significantly more than simply having financial-only management.

Off-site/On-site. Most Associations are provided management services from a manager who works at a location outside the association property, most often at a management firm.

Portfolio vs. General Manager. A portfolio manager handles multiple Associations, while a general manager works only for one Association. Most Associations cannot afford a general manager, so an important question to the portfolio manager is "how many other associations in addition to ours do you handle?" The management company may have a low fee because it stretches its managers thin. For some, the affordability is everything, while for others the service is the most important - so ask and make sure your Association's decision on this point is intentional. Knowingly or not, you will get what you pay for.

In-house management. Larger Associations in particular may choose to hire their manager and staff as employees of the Association. This gives the Association more control of its management staff and reduces cost that would be charged by a management firm for a full time manager. The

drawback is the opposite side of the coin — the Association takes on the critical task of finding and screening management candidates, and handling them as an employee.

There is no one management approach that fits every Association, but there are so many options for the knowledgeable board. Choose the management style that best serves the interests of your community

— don't just automatically select the lowest bidder, which might not meet your needs.

The next "HOA Homefront" column will discuss manager qualifications, certifications and education. . . So stay tuned for Part II.

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