



# Working with a Professional Manager

**M**any associations employ either a community management company or a professional community manager to direct association operations. It's essential that you find a qualified manager with whom you can work productively. A professional association manager will help the board preserve assets, maintain property values, establish continuity, and provide assistance with operational and financial matters.

## **PROFESSIONAL MANAGERS—RIGHT HAND OF THE BOARD**

The board sets policy and establishes a direction for the association, and the manager sees that the policies are implemented. Just a few of the ways professional managers assist boards include:

- Managing human resources: compliance with Equal Employment Opportunity Commission (EEOC) guidelines, payroll, reviews, and hiring.
- Coordinating and supervising maintenance activities: landscaping, repairs, snow removal, trash pickup.
- Alerting the board when legal assistance is needed.

- Advising the board of regulatory issues and compliance requirements: fair housing procedures, fair debt collection practices, FCC antenna regulations.
- Coordinating member/board communication: preparing a newsletter, posting notice of meetings, arranging social interactions.
- Managing office operations: accounts payable and receivable, bookkeeping, filing.
- Managing association finances: budgeting, collecting assessments, analyzing reserves, pursuing delinquencies.
- Working with accountants and auditors to maintain the association's financial viability.
- Working with insurance companies to file or settle claims.
- Working with state and regulatory agencies as an advocate for the association.
- Carrying out delegated officer duties: taking meeting minutes.
- Preparing proposals and screening contractors.

### **SELECT A QUALIFIED MANAGER**

The association's size, amenities, facilities, and budget determine the type of management your association needs. Whether you select an on-site manager or work with a management company, it's essential that you select a qualified community association management professional. You can identify qualified managers by the credentials that indicate their level of professionalism.

#### **Certified Manager of Community Associations® (CMCA®).**

These managers have demonstrated fundamental knowledge in managing common-interest developments by passing the CMCA examination. They comply with the National Board of Certification for Community Association Managers' Standards of Professional Conduct and renew every two years through continuing education.

**Association Management Specialist® (AMS®).** These managers have earned the CMCA certification, passed an additional education course, and managed the finances, administration,

and facilities of an association for at least two years. They adhere to professional ethical standards and renew their AMS designation every three years through continuing education.

**Professional Community Association Manager® (PCAM®).**

These managers have met advanced educational requirements in law, communications, operations, and asset protection and have at least five years' experience managing community associations. They have also earned the CMCA certification and AMS designation, adhere to professional ethical standards, and renew their PCAM designation every three years through continuing education.

**Large-Scale Manager® (LSM®).** These managers hold the PCAM designation and have at least ten years' experience in managing community associations. They have met advanced educational requirements, adhere to professional ethical standards, and must redesignate every three years through continuing education.

**Accredited Association Management Company® (AAMC®).** To earn this accreditation, a management company must adhere to CAI's Professional Manager Code of Ethics, have managed associations for at least three years, have a PCAM as the company's senior manager, show that at least 50 percent of its managers hold a PCAM or AMS designation or CMCA certification, provide continuing education for its management staff, and complete other requirements.

**Certified Property Manager (CPM).** These managers have been certified by the Institute of Real Estate Management in property management. Importantly, a CPM does **not** signify that the manager is versed in issues of community association management.

## **WHERE TO FIND QUALIFIED MANAGERS**

**CAI's Credentialed Professionals Directory.** Managers who have earned the credentials above (except the CPM) are listed online at [www.caionline.org/directory/nbccam\\_search.cfm](http://www.caionline.org/directory/nbccam_search.cfm). In addition, you can find information explaining the importance of seeking qualified professional managers at [www.caionline.org/about/designations\\_finding\\_professionals.cfm](http://www.caionline.org/about/designations_finding_professionals.cfm).

**CAI chapter directories.** Many CAI chapters maintain online or printed directories of qualified managers. A complete list of chap-

ters is available at [www.caionline.org/about/aboutchap.cfm](http://www.caionline.org/about/aboutchap.cfm). Links are included for chapters that have websites.

**Networking.** Not all experienced and capable community association managers will be listed in the directories above. However, you can get recommendations on qualified managers by talking to industry professionals at local and national meetings of CAI.

### **INVITE MANAGERS TO APPLY**

Once you've identified several potential managers or management companies, invite them to submit a proposal.

**TOOL 6.1:** See *Sample Invitation to Prospective Bidders at the end of this section.*

### **THE MANAGEMENT CONTRACT**

When the association selects a manager or management company, both the board and the manager will want a contract that specifies the terms of the agreement, including:

- The parties involved in the agreement
- Documents that govern the use of management services
- Amenities serviced by the management company
- Association management duties
- Manager's communications responsibilities
- Compensation
- Terms of the agreement
- Various definitions and guidelines for dealing with potential conflicts

**TOOL 6.2:** See *What to Include in an Association Management Agreement at the end of this section.*



## Cautions

*The success of a community association depends largely on the board selecting a qualified manager or management company. It's important for boards to develop and follow a thorough selection process.*

*Hiring the least expensive management company is a false economy. It's important for the board to budget for quality service and the level of professional support it requires.*



## FOR MORE HELP

**Available online at [www.caionline.org/bookstore.cfm](http://www.caionline.org/bookstore.cfm) or call (888) 224-4321 (M–F, 9–6:30 ET).**

*Choosing a Management Company, Guide for Association Practitioners #8, by Michael E. Packard. (Community Associations Institute, 2002.)*

*Finding the Right Professional: A Guide for Leaders of Community, Homeowner, and Condominium Associations, and Cooperatives. Free brochure available from Community Associations Institute.*

**To download a PDF of the entire Board Member Tool Kit, go to [www.caionline.org/toolkit](http://www.caionline.org/toolkit).**

## Sample Invitation to Prospective Bidders

Dear Bidder:

The board of the Evergreen Community Association is soliciting proposals for professional community association management. Our contract form, specifications, governing documents, and the budget are attached for your consideration (or can be viewed on our website at [www.Evergreen.org](http://www.Evergreen.org)).

Our time line for reviewing proposals and making a selection is:

1. A joint meeting of the board and prospective firms will take place at [time and date] at the association's clubhouse located at [address].
2. Interested companies should submit a proposal no later than [date].
3. Between [date] and [date] the board will meet individually with each qualified bidder at their office to discuss the proposal.
4. On [date] the board will select a management company and sign a contract.

Should you desire to submit a proposal, we would appreciate receiving the following data and information with your proposal:

1. Information regarding your firm: number of associations or communities currently managed, three references (preferably from associations similar to Evergreen Community Association) comprising the name, address, and phone number of the association president, and the average case load of the your firm's community managers.
2. Sample monthly financial statement that the company provides to its client associations.
3. Please describe the firm's philosophy of managing community associations in no more than 100 words.

All information should be directed to [name, address, e-mail].

The board expressly reserves the right to accept other than the lowest offer and to reject any and all other offers without explanation.

If you have any questions concerning conditions and/or specifications, please contact [name and phone number].

Sincerely,

President  
Evergreen Community Association

# What to Include in an Association Management Agreement

## GENERAL

- Definition of the parties
- Contract documents
- Management assistance
- Management duties
- Liaison with the board
- Compensation
- Signatures and witnesses
- Definitions
- Status of management
- Liability of management
- Role of management

## PROPERTY MANAGEMENT

## FINANCIAL MANAGEMENT

- Collections
- Deposits
- Disbursements
- Books and records
- Investments
- Conformance

## EMPLOYMENT AND CONTRACTING POLICIES

- Administration of personnel
- Administration of contractors

## BUDGETS

- Annual budget/reserves
- Budget preparation

## SPECIAL ONE-TIME SERVICES PROCEDURES

- Resident orientation and participation program
- Governance manual
- Management plan
- Committee guidance materials
- Staff policies manual

## BOOKS, RECORDS, INSPECTION, AND AUDIT

- Books and records
- Inspection
- Audit

## INSURANCE

- Scope
- Amount
- Reporting
- Termination and renewal

## REPORTS, FILINGS

- Monthly status
- Annual status

## MISCELLANEOUS

- Modification and changes
- Applicable law
- Conflict of interest
- Affiliated interest
- Bankruptcy
- Assignment, merger, and consolidation