



Working with Professional Partners

Whether the association board works with a professional manager or self-manages the association, it's likely that the board will still need the services of other professionals like attorneys, accountants, insurance agents, and reserve specialists. These people become partners with the board and provide invaluable resources.

THE ATTORNEY

Next to selecting an association manager, the most important decision a community association can make is selecting its attorney.

- Associations would be wise to choose an attorney with expertise in community association law.
- It is almost never advisable to hire a member of the association to be the association attorney, whether compensated or on a volunteer basis.
- The association manager needs to work very closely with the attorney, so the two professionals should have a positive and productive working relationship.
- The board should designate one person to interact with its attorney. This not only controls fees, but eliminates confusion and miscommunication.

- The association's attorney is legal counsel to the association and neither represents the board, nor any single member of the board, nor any particular officer or homeowner.

TOOL 7.1: *Use What to Include in a Request for Proposal (RFP) for an Attorney as a guideline for preparing your RFP.*

TOOL 7.2: *Evaluate the proposals you receive using the scoring method located at the end of this section.*

What Attorneys Do for Community Associations

- **Review Documents:** Review governing documents, rules proposed by the board, or contracts with other service providers.
- **Provide Legal Opinions:** Advise the board in all association matters.
- **Educate:** Attend meetings to answer questions, explain concepts or documents, and provide information to homeowners or board members.
- **Collect Delinquent Assessments:** Write and send routine demand letters, file liens, process foreclosures, and litigate if necessary.
- **Enforce Deed Restrictions:** Write and send routine demand letters, file lawsuits, and litigate if necessary.
- **Litigate:** Represent the association for collections, to enforce deed restrictions, and in defense of the board.

THE CERTIFIED PUBLIC ACCOUNTANT (CPA)

The accountant is a vital part of your association's professional team. Success requires that you know what the accountant does, how you can benefit from the accountant's capabilities, and what you want and need. As you develop a long-term relationship with your accountant, your community will benefit from his or her advice, industry expertise, and wisdom.

A staff member or volunteer may take care of the bookkeeping for the association, but a CPA will be needed to conduct an audit at the end of the year. In addition, accountants provide other services that make them a valuable partner for the association.

What Accountants Do for Community Associations

Provide Written Reports

- Audits and transition audits
- Reviews
- Compilations
- Budgets
- Expert testimony and litigation support
- Reserve studies
- Tax returns
- Performance reports

Provide Services

- Develop accounting policies and procedures
- Create an accounting policies and procedures manual
- Design and implement systems for internal control
- Formulate investment policies
- Evaluate, select, and install accounting software
- Train bookkeepers and other accounting staff
- Prepare monthly or quarterly financial statements
- Make recommendations for interviewing and hiring accounting staff

Consult and Advise

- Educate and train board or committee members on technical matters
- Make presentations at meetings
- Evaluate and explain the work of other professionals such as engineers
- Evaluate and advise on replacement funding strategies
- Advise on budgets and long-term financial plans
- Assist in obtaining financing
- Provide business and financial advice

THE INSURANCE AGENT

Insurance agents, like CPAs and lawyers, have a broad range of specialties and areas of expertise. Fortunately for community associations, insurance specifically for community associations is one of them. See next page for **What Insurance Agents Do for Associations**.

THE RESERVE SPECIALIST

Reserve Specialists prepare studies that provide boards with guidance on how to keep the association's physical assets from deteriorating faster than its financial assets increase. That study will include an inventory of items that need to be replaced, an estimate of the useful remaining life of these items, an estimate of the cost to replace them, and a plan for funding the replacement. This requires specialized knowledge of a wide range of interrelated areas, expertise that can be obtained only from a certified Reserve Specialist. For more information about reserves, see section 12.

What Insurance Agents Do for Associations

- Review the association's documents, recommend the legal minimum insurance requirement, and identify additional coverage that might be appropriate.
- Inspect the community's physical layout and amenities and identify exposures that need to be addressed.
- Verify the property values for replacement and/or reproduction costs. This can be accomplished through an appraisal service, a company survey, or various others means.
- Review the association's fidelity bond, and ensure that all parties (board members, committee members, and managers) with access to the association's assets are included in the definition of an employee.
- Discuss the lending institution guidelines for selecting a bond limit if it is not specified in the association's documents.
- Obtain premium quotations, and help the board select the program that best suits the association's needs.
- Explain to the board, in plain English, the coverage being offered as well as the exclusions and limitations of each option.
- Educate residents about the association's policy at an association meeting or prepare a written fact sheet or letter. Explain where the association's coverage stops and the residents' and owners' responsibilities begin.
- Offer the unit owners special coverage and reduced rates.
- Provide certificates of insurance or evidence of coverage to lenders in a timely manner.
- Assist the board in drafting a resolution stating how claims deductibles will be processed.
- Create a claims procedure manual.
- Customize a risk-management program.
- Help the association establish procedures for service providers.
- Review the association's claims annually and recommend how claims can be reduced.

Cautions

The old adage that you get what you pay for is never more true than when hiring legal services. It's important to select an attorney based on expertise and experience, not solely on the basis of rates.

Community associations have unique needs and exposures. It's important to select insurance agents and Reserve Specialists with experience in this field.

FOR MORE HELP

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

Community Association Legal Counsel: How to Select & Use Association Legal Counsel, Guide for Association Practitioners #13, by Hindman & Sanchez. (Community Associations Press, 2002.)

Community Association Insurance: A Guide for Condominium, Cooperatives, and Planned Communities, Guide for Association Practitioners #4, by Treese & Rosenberry. (Community Associations Institute, 1997.)

Community Association Risk Management, Guide for Association Practitioners #25, by Clifford J. Treese. (Community Associations Press, 2002.)

Reserve Funding and Reserve Investment Strategies, Guide for Association Practitioner #24, by M. Frumkin and C. Juall. (Community Associations Institute, 2003.)

To download a PDF of the entire Board Member Tool Kit, go to www.caionline.org/toolkit.

What to Include in a Request for Proposal for an Attorney

- Include a brief description of your association: location, size, and type of project (condominium, town home, single family, etc.)
- Identify any particular problems or pending legal matters
- Attach copies of articles of incorporation, bylaws, declaration, covenants (CC&Rs), and rules

Ask the attorney for the following information:

- Extent of experience in community association law, including representation of community associations
- Involvement in CAI and other professional organizations
- Description of firm: size, location, support staff
- Kinds of legal services offered by attorney
- Billing rates and practices, including hourly rates, fixed fees, and retainers
- Sample invoice showing format for new billings, past-due billings, multiple matters, and itemization of fees and costs for hourly and fixed-fee matters
- List or description of all persons who would work on association matters, including their experience representing associations and rates charged
- Names and phone numbers of three board presidents and three managers for reference purposes

Evaluating Prospective Attorneys

CRITERIA Score on a scale of 1–10, where 10 is the highest score	Candidate 1	Candidate 2	Candidate 3
1. Specialization in community association law including representation of associations			
2. Experience and knowledge of community association law			
3. Expertise in range of association legal services			
4. Availability of legal support staff for the attorney			
5. Commitment to and involvement in the industry			
6. Communication and interpersonal skills			
7. Interest in position and preparation for interview			
8. Fees and rates			
9. References			
TOTAL			