

What Are the Five Most Important Things That I Should Do To Be a Good Management Committee Member?

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What are the five most important things that I should do to be a good management committee member? This is a difficult question. The answer will invariably depend on to whom you ask this question. A professional manager will probably give a different answer than your insurance professional. A long-time owner will give a different answer than a manager. Everyone sees things according to their own experiences, biases, and needs.

As a prior owner and management committee member who now represents many associations, I am in the unique position of having observed the operations of many associations while also having actual owner and management committee experience. As an owner and management committee member, I dealt with many of the same issues that I now see from an attorney's view. I have also represented owners in disputes with associations and associations in disputes with owners.

Based on my personal observations, experience, and knowledge, I have compiled a list of five things that I believe you should do as a committee member. This is certainly not all you must do. If you do these five things, however, I believe you will be a great management committee member and an asset to your association.

This is, of course, my opinion. While I am sure a couple of the points will be repeated by everyone you deal with, I am also confident you will not have heard at least one of my suggestions from anyone. You must keep in mind, however, that you must ultimately decide what is good for you and your association.

#1 Abide by and Follow the Governing Documents.

It is critically important that you comply with the declaration, bylaws, rules, and other documents governing your association (the "governing documents"). Sit down and read them at least once. When you deviate from or ignore these documents you can cause legal problems both for yourself and the association.

If you are not sure what you need to do in a particular circumstance because the documents are just too complicated (this happens all of the time) or don't have the time to figure it out, ask the professionals to advise you and then follow their advice.

Never feel guilty for hiring and paying professionals to help you when it comes to the

governing documents. I do it all of the time for my clients. Not only can you do this, sometimes you may be obligated to do it if you cannot figure it out for yourself.

Do you want to be the management committee member named in a lawsuit? Do you want to be sitting in a deposition with a lawyer asking you why you did not follow the governing documents? Even if you didn't understand what they say, how do you answer the question; "well, why didn't you just ask your lawyer?" If none of this sounds appealing and exciting, abide by the governing documents and when you don't understand them, get advice. Not only are you protecting the community, you are protecting yourself.

If you cannot or do not want to follow the governing documents, change them. Most of the time, you can easily modify the rules. Although it is a little more time consuming and expensive, the bylaws and declarations can usually be amended. It is worth the effort to avoid potentially big legal problems.

#2 At least once every three months, walk through your entire community with a picky guest who does not live in the community.

Find someone you know, a friend or relative, and when they are at your home, take a little walk. Rotate between night and day and walk in different directions and on different paths. Ask your guest to point out anything that looks shabby, rundown, out-of-the-ordinary, or lacking in maintenance. Look for violations of the rules. Make a list and give a copy to your manager with instructions to solve the problems. Follow up on the items on your next walk through and keep on the manager until the problems are resolved.

You need your guest because when you live somewhere, you get accustomed to certain conditions and just don't notice them anymore. Your picky guest will notice these things. In addition, you can talk about what you see and if you both agree it is a problem, you will be much more likely to put it on the list and follow through with getting it fixed or changed.

This will solve the second biggest problem that I see with management committees. They sometimes get so wrapped up in particular issues such as finances and individual projects; they lose sight of what the community actually looks like. We all know the most important driving force in increasing property values in an association is the first appearance by a prospective purchaser. You would be amazed how unhappy residents can be when they notice the same light bulb is out month after month. Most importantly, if you allow an obvious rule violation to continue on and on, you risk legal problems and the obvious irritation to other owners when you try to enforce rules against them.

#3 Increase Assessments Every Year - No Matter What.

I learned this lesson while living in an association and while serving on the management committee. It has been reinforced over time as I have watched associations literally self-destruct because the management committee refuses to increase assessments as needed.

This is the third most common problem that I see in associations, and often the most

destructive. That is why I commit so much space to it in this article. Pay attention. You must learn this lesson.

Let's face it, nothing gets cheaper. Power, water, gas, labor, maintenance costs - they all go up over time. Inflation is not a mystery, it is a proven fact and it increases, on average, about 3% per year. This means that if you are not increasing assessments by 3% per year, you are actually decreasing the association's overall purchasing power. I have never seen an association that actually reduced its regular expenses from one year to the next, without sacrificing on maintenance, reserves, or services. I suppose it can be done, but I have never seen it and I lived in an association for ten years.

I continually encounter, however, management committees and committee members that proudly proclaim that they have not raised assessments in two years, three years, or sometimes longer. Here is the problem. People hate to pay more money for anything. I hate it. You hate it. People especially hate it if they do not understand why costs are going up.

In various capacities, I have attended dozens of annual meetings and heard nearly every complaint and reason for not increasing assessments. "I am on a fixed income." "I cannot pay more." "You will put me out on the street." "You are wasting money." "I don't want to pay for the pool, fill it with concrete." "Other associations pay less than we do." "We will not be able to sell our units."

Here is the bottom line. If you let these people dictate how and when you raise assessments, you will eventually live in a slum. It is a fact. It might take some time, but it will happen. If expenses increase (which we know will happen) and revenue doesn't, something must give. It will be the maintenance and value of your units.

If this is so simple, why do I see this problem all the time? Why do reasonable management committee members allow this to happen so often? There are several reasons and I think it is important to explain them so that hopefully you will not fall into this trap.

First, management committee members sometimes are under the false impression that they are bound by the poor financial practices of prior management committee members. Since they often don't know any better, they just watch and adopt whatever has been going on. Forget it. Ignore the proud announcement that assessments have not increased in five years. Look around and figure out on your own if things are getting done properly and if there is enough money to make repairs. Get and listen to a good manager and good consultants. Remember, you are bound by the governing documents, which almost always require you to manage the property in a manner that is in the best interests of all of the owners. I have yet to see anyone successfully argue that it was in the best interests of the owners to run a property into the ground. Don't get stuck in the same rut as the prior management committee and don't think that just because they are doing it, it is right.

Second, management committee members listen to the pleas of owners who cannot afford higher assessments. Keeping assessments frozen may actually be in the short term best interests of a few owners who really cannot afford to live in the property. Unfortunately, the sometimes

tragic plight of the elderly, disabled, financially stressed, or fixed income owners is allowed to dictate the financial policy of an association. Let's face it, it is hard to look an elderly disabled lady in the face and tell her that her assessment is going up after she cries and tells you that she will be forced out on the street. I see management committees succumb to these pleas. Even more problematic, you may see committee members refuse to raise assessments because of their own personal financial situation.

This is a huge mistake. I believe that it is the absolute duty of the management committee to protect and where possible enhance the value of the association for all of the owners. This means the management committee must spend enough money to properly maintain the association.

If that means someone in a tragic position needs to seek help or eventually move, so be it. If you and your association want to do some good for someone in this position, take a collection and help them with their assessments, don't run the association into the ground. Remember, this isn't just your investment, it is a lot of people's investment and you are charged with preserving and enhancing that investment. Who are you to decide that someone else should be charitable with the value of their unit to protect a small group of owners?

I hope that I do not appear callous in these comments. I really do sympathize with people who, for whatever reason, are in a position that they really cannot afford where they are living. Sometimes, it really is tragic. I have thought about and looked at this problem many ways over the years. Inevitably, I have learned that trying to protect these people by keeping assessments artificially low leads to far greater problems. As difficult as it sometimes is, don't listen to the people who put their personal interests above the interests of the association. It is the path to ruin.

The third reason that I see management committees make the mistake of not regularly and appropriately increasing assessments is that they are just poorly managed. They either refuse to hire good managers or don't listen to them. They just don't understand or have never been educated on the tragic effect of not raising assessments, creating reserves, and getting a proper reserve analysis.

The final reason that management committees fall into this problem is that even if they understand the eventual results of this type of financial policy, it sometimes takes years to be felt. It is so slow that people sometimes don't even realize what is happening. They fool themselves into thinking that things really aren't getting worse. They engage in "deferred maintenance." Deferred maintenance is the bane of an association. It is absolutely preventable and yet rarely is.

Asphalt is the perfect example. Nearly every association has asphalt parking and roads. Asphalt appears to most of us as something permanent. You just install it and forget about it. Have you ever heard: "When those slick guys come knocking every year to 'seal' our asphalt, hah hah, we don't fall for that scam, we send'em packin.'" To the contrary, asphalt requires significant maintenance and regular sealing to achieve its full life. With proper maintenance, asphalt can sometimes last a very long time. Without maintenance, asphalt will deteriorate and will need to be replaced entirely. That is a very expensive process. With asphalt that appears in a good condition, management committees often ignore the advice of their managers or vendors to

perform proper maintenance. Maintenance is sometimes expensive and disruptive to the association. More importantly sometimes, it really doesn't look like it needs it. So, they just pass on the maintenance and that cost never really gets built into the budget.

This is deferred maintenance. The association is not really avoiding those maintenance costs, it is just delaying them. Often, it is also increasing them. So, instead of paying a couple thousand dollars every other year for fifteen years, they will pay fifty thousand dollars in the fifteenth year. It is often the same for roofing, siding, painting, concrete, plumbing, and many other critical systems.

Deferred maintenance is to be avoided like the plague. It can almost always be avoided by listening to your manager, getting a proper reserve analysis and maintenance plan, and listening to the experts your manager's recommend. You pay now or you pay later.

As you read this, you are no doubt sitting back in your chair thinking "that is all easier said than done." "How do you convince the owners to pay more even if I agree with what you are saying?" "If I vote to raise the assessments, they will just throw me out." To that I say, "I doubt it." While on the management committee of the association that I lived in, I was personally involved in the implementing of a policy of raising assessments every year. I was also involved in some very significant increases to compensate for the prior proud policy of no increases for several years.

Did we encounter complaints? Absolutely. How did we get through it? We survived and obtained general approval for the increases by communicating with the owners. At annual meetings, we explained it just like I have in this article. We explained that our costs were increasing every year. We provided budgets and figures. We dispelled the myth that it was good to keep assessments the same year after year and provided examples of deferred maintenance. Contrary to our concerns, we found that most owners are rational people. When rational people are confronted with unpleasant but explainable and necessary assessment increases, they quit complaining and just deal with it. They might groan a little, but they understand. They get it. They accept it. Eventually, when the fruits of a well-funded association begin to show - they love it.

In our association, we spent tens of thousands of dollars in resurfacing a terrible looking tennis court. It was the result of a classic example of deferred maintenance. It was a controversial issue and there were a lot of people who thought it was a waste of money. We surveyed the owners, held meetings, and looked at many alternatives. Ultimately, the management committee decided to bite the bullet and do it right. We installed a new concrete slab with steel cables that kept the slab under tension. We were advised it would most likely never crack like the old tennis court. We installed a great looking new surface. We added good quality basketball standards and all new nets and fencing. It looked great and people actually used it. The appearance of the Association to prospective purchasers and visitors was greatly enhanced. Even some of the complainers were impressed and pleased with the results.

In short, trust people. If you take the time to explain it and it really makes sense, most of them will eventually get it. Most importantly, you must not let the few dissenters and complainers run

your association into the ground, no matter how tragic or compelling their story. Raise assessments every year at least as much as inflation and more if you need it. Fund reserves. People eventually get used to it and even the complainers eventually quit complaining. You will be amazed how quickly people accept higher assessments when they see the results of a well-funded association. I am confident that you will see your investment returned in increased property values.

By the way, to the best of my knowledge, none of our complainers moved out or were driven onto the streets when we raised assessments.

#4 Hire Good Managers and Follow Their Recommendations.

If you are like most management committee members, you know little or nothing about: construction; how to conduct a proper annual meeting; how to keep minutes; how to best get someone to pay their assessments; how to effectively deal with people who refuse to comply with rules; how to review a landscaping contract; how to check your vendors for workers' compensation insurance and licensing; whether your association needs to file tax returns; who to talk to about insurance; who to hire if you need legal assistance; and about a million other things that someone will need to know to make sure your association runs properly.

Are you going to go out and learn about all of these things? If not, then you have two choices. You will either hire someone who does know about these things or you will improperly manage your association. It's that simple.

If you think you are going to go out and learn about all of these and the many other things you need to know to properly manage an association, you are living in a dream world. If you are lucky, you will have expertise or experience in a couple of these areas. If you are really lucky, you will have some general knowledge about property management. Maybe you own a rental home or managed a small apartment while you were in college. Maybe you run your own business. All of this is helpful, but it will never replace the knowledge and experience of a good manager familiar with association operations.

Don't kid yourself. Do you think you are qualified to take over the management of a McDonalds? How about a trucking company or printing business? Could you imagine spending your hard earned money on buying such a business and then just trying to learn how to manage it yourself, on the fly? Forget it.

Get a manager. If you don't like or trust the manager, get a new one. Continue in this process until you find someone that you trust and can rely upon to get things done. It is also important to understand that professional management is not an all or nothing proposition. In fact, management committees can pick and choose the services they want from a manager and pay accordingly. Pay for advice, good independent bookkeeping and financial controls. Pay for someone to attend your meetings and keep you on track. Pay for someone to bring up issues and concerns you might not have thought of. Pay for someone to evaluate and help you select vendors and to help you manage big projects. If you don't pay for it with money, you will eventually pay dearly in wasted time, wasted money, stress, and the results of poor management.

It is not my intent to downplay the importance of an educated management committee. I strongly encourage management committee members to join CAI (the Community Association Institute), attend meetings and seminars, and read materials related to community associations. Will this allow you to manage your own association? I doubt it. But, it will turn you into great committee members who will be great at selecting managers, negotiating the services your need, and understanding what to expect from them. Your association will benefit tremendously from a management committee involved in the CAI.

#5 Treat Owners with Respect, Fairness, Dignity, and Understanding - No Matter How Inappropriately They Act Toward You.

I have been collecting delinquent assessments for years. I have been called “ungodly,” “evil,” and asked how I sleep at night. I have learned that when I deal with people with understanding and respect, regardless of how they attack me, I most often seem to get a better result for my client. It also reduces their hostility. When I respond to the attacks in kind, it just escalates and creates a more difficult situation. Moreover, they complain to everyone that will listen and nobody seems to care what they said to me. Since I am the lawyer and am perceived as the professional in the situation, I am always held to a higher standard.

It is the same for management committee members. Since you really are in a position of authority, any slight insult or discourtesy on your part will be magnified a hundred times by whomever is on the receiving end. It is really irrelevant how the person treated you because you are the one that will be held to the higher standard. Everyone knows that the association jerk is a jerk. They expect it. They will be shocked and displeased if you respond in the same manner. It is a common ploy of people who are involved in a dispute with the association to try to engage the members personally. Then, that person will complain that they are being picked on and treated unfairly to try to divert attention from what typically is their failure to comply with some requirement. They will also stir up everyone else who has a dispute with the association. Don't fall into this trap.

You no longer have the privilege of acting like everyone else. You are a leader and are expected to act like one. Although it will be difficult, you need to hold the rudest and the nicest people in your association to the same standards when it comes to the association. This is fair. Most importantly, it is the law. This also goes for your fellow management committee members and the people you deal with in your new volunteer capacity.

Good luck with these five suggestions. I am confident that if you follow them, you will be a great asset to your community and you will be taking the right steps to preserve the value of your investment. I also believe you will avoid many of the serious problems that plague other associations.