

Managing & Governing Associations

Every community association must determine how it will function and operate. Many associations will accomplish this critical task by hiring a professional manager or management company to oversee the operations of the association, even though the association is governed by a board of homeowners elected by neighbors. The two functions—management and governance—are closely intertwined, but it's essential that the association carefully define roles and responsibilities.

Some associations contract for limited services from a management company; many work closely with an accountant or attorney. In all cases, the board is responsible for setting policies necessary to deliver community, governance, business services to association members.

Community services are those that promote resident communications and social programs—functions that promote a sense of community. Strong community communications programs include regularly publishing newsletters, maintaining a website, conducting new-owner orientations and town-hall style meetings, notifying residents of meetings and providing opportunities for residents to make their views known. Community associations also provide social and recreational programs to meet the social needs of residents.

Governance services include such functions as complying with state statutes and governing documents, resolving disputes, administering design review policies and recruiting volunteer leaders.

Developing and enforcing rules are ways associations ensure residents are complying with all laws. They must be implemented in a conscientious and balanced manner that preserves community harmony while protecting community economic and social values. Generally, most associa-

tion rules are not that substantially different from the rules found in rental agreements, municipal codes, and zoning ordinances

Meetings and elections are required by statute or governing documents. Meetings can be of varying types—regular board meetings, annual meetings and special meetings. Boards must follow an agenda, conduct business efficiently and record proper minutes. The same is true for elections—certain procedures must be followed.

Architectural controls generally apply only to exterior features of a home and sometimes interior features that are visible from the outside or are a nuisance. For example, inadequate floor covering may create excessive noise for other residents.

Business services include operating the common property, competitively bidding maintenance work, developing long-range plans, equitably and efficiently managing association finances, including establishing and investing reserve funds.

Operating the common property includes four types of maintenance: routine, preventive, emergency and requested or corrective maintenance. Associations have the added complexity of determining responsibility for maintenance for all of the grounds. Maintenance also means working with contractors and preparing requests for proposals for distribution to possible bidders.

Long range planning is a key function for association boards, and it is sometimes accomplished with help from a professional manager.

Financial management includes establishing reserves, protecting assets with insurance and other risk management techniques, establishing an annual budget and collecting assessments.

Effectively delivering these services enhances home values and the quality of residents' lives.