

Association of Condominium,
Townhouse, and
Homeowners Associations

ACTHANews

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From ACTHA'S
Family to Yours:

HAPPY
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The Value of Teamwork

By: Mark Swets, CAE
ACTHA Executive Director
Chicago, IL



Photo Courtesy: Gene J. Puskar/AP

The Chicago Cubs are World Series Champions! (That still sounds great!)

Baseball's dramatic postseason provided numerous storylines of curses, long-term futility, perseverance, performing under pressure and the magic of an impassioned rain delay speech. From a business perspective, the 2016 Chicago Cubs are a classic case study in the value of teamwork. Much of my joy this season has been watching the Cubs successfully perform as a true "team". They seemed to contain all of the elements of a winning team: hard work, focus, resiliency and enjoyment. And they won!

As quoted by Wikipedia:

"A team is a group of people or other animals linked in a common purpose. Human teams are especially appropriate for conducting tasks that are high in complexity and have many interdependent subtasks."

"A team becomes more than just a collection of people when a strong sense of mutual commitment creates synergy, thus generating performance greater than the sum of the performance of its individual members."

Our focus on successful teams tends to resonate most in the field of sports, but easily could be transferred to the role of an association team. A successful community association "team" starts with a committed board of directors who establishes the culture, vision and goals for the association. In the case of the Cubs, the goal was clear: win the World Series. It seems *everything* they did during the season was in support of achieving their goal. What goals does your association have? Are they clearly identified (preferably written down) and shared with the community?

Continued on page 4



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Question of the Month: How Does an Association Amend its Budget?

By: David Hartwell, Esq.,
Penland & Hartwell, LLC
Chicago, IL

Question: Last fall our condo board approved the association's annual budget, which included a special assessment to cover expenses for a painting project. At that time the board was still reviewing bids and, for budget purposes, included the higher-end bid of \$120K and special assessment model of \$70K in the budget. (The rest of the project was being funded through reserves).

Since the time the budget was approved, the board ultimately accepted a lower bid of \$70K and special assessment model of \$45K.

Is it appropriate to amend the budget with the new figures? What are the ramifications of changing the budget once it's approved?

Answer: If a budget contains a line item for a capital improvement project to be started in that year, then a special assessment would not be necessary. However, if the board sought funding for a project that was not previously budgeted for, then a special assessment would be necessary and must be passed consistent with Section 18(a)(8) of the Illinois Condominium Property Act ("Act").

If the cost of the painting project was part of the budget, then theoretically under this set of facts, there would exist an operating surplus at the end of the year due to the significant disparity of the lower project cost. If this occurs, the board should then consult the declaration to determine how operating budget surpluses are to be addressed for that association.

Depending upon the fiscal year of the association, I would likely recommend that the board consider amending its budget to reflect the actual cost of the painting project. The board should also consult with its accountant during this process. Alternatively, if the painting project is being funded from a special assessment, the board should first look to the special assessment resolution to determine if it only specified the painting project or also addressed other maintenance, repair and replacement of common elements. If the latter is true, the additional sums collected could be used for other contemplated projects and the board would need to vote on the additional expenditures at an open meeting; otherwise, the special assessment should be amended to reflect the actual cost of the project. A potential ramification in amending the special assessment is that it may reopen the unit owners' opportunity to attempt to reject it, as set forth in the procedures of Section 18(a)(8)(ii) of the Act, if the proposed new amount exceeds more than 15% of the budget. If the amount does not exceed the 15% threshold, then no challenge can be made.

Lastly, the board could consider levying the original special assessment thereby avoiding the need to draw on reserves. As a practical matter, every board should act consistent with its governing documents and should act in the best interests of all of its owners. In my experience, most owners want to see the board acting in a fiscally responsible manner, especially when it pertains to a special assessment.

As set forth in 18(a)(6) of the Illinois Condominium Property Act, the board must send out the new amended budget at least 25 days prior to the date of the meeting at which the board intends on approving it.

Continued from page 1

Another vital component is the actual assembling of the team. Certainly the 2016 Chicago Cubs “team” was assembled over several years and included a combination of new ownership, general management, player development, homegrown talent and free agent signings. Who comprises your association “team”? The board of directors, committees, staff and the property manager are obvious choices, but what about your banker, accountant, attorney and insurance broker? Whomever you choose, make sure they are qualified and committed to achieving the association’s goals.



Once the team is assembled, it’s important to clearly define roles between team members. This was a key cog in the Cubs’ success throughout the year, and especially during the World Series. From the starting pitcher to the pinch runner to the flame-throwing closer, each team member understood their role and was able to execute it effectively. Establishing roles allows each member to perform to the best of their ability and develops a pattern for success. Take a moment to document your association team and the role each team member plays, and share this amongst everyone on the team.

Lastly, take time to validate and support team members. The Cubs encountered multiple setbacks during the season, including injuries and slumps in individual player performance. But the team continued on, keeping faith in their abilities and “picking each other up”. Throughout the season, team members publicly supported each other in interviews and community events. In community associations, a little encouragement goes a long way! Recognize the skill set of your association “team” and support them as you work together to achieve common goals.

Watching a successful team perform never gets old! It starts with assembling committed members with clearly-defined roles, working towards a common goal. It continues with validation and support between team members while overcoming setbacks. And it culminates with the satisfaction and celebration of a mission accomplished! May your association establish and embrace its team and achieve the success of the 2016 Chicago Cubs!

WELCOME! New ACTHA Members (October 2016)

Association Members

Lisle Condos, Darien

St. Michael’s Square HOA, Chicago

Commercial Members

ALL IN ORDER – Based in Winnetka, a decluttering service company that leverages technology to make decision making easy and help clients get organized

Contact: Hallie Steube, 773-255-0110

Hallie@allinorder.com

Express 11 Inc. – A one-stop shop for building needs located on Chicago’s North Side providing electricians, plumbers, carpet cleaners, tile installation, remodeling, security and snow plowing.

Contact: Matt Vukic, 847-932-4500

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iTrees.com – offers a new approach to Illinois landscaping and allows customers to affordably purchase trees online for delivery or installation. Headquartered in Morris, IL.

Contact: Marlee Harford, 815-448-2138, info@itrees.com

Steven Welhouse Law Office LLC – A Highland Park-based attorney specializing in construction, real estate and community association litigation and practice.

Contact: Steven Welhouse, 773-558-5543

steve@welhouselegal.com

Congratulations....

...to the following members for recently completing ACTHA’s Learn & Lead certificate program!

Tom Bordenkircher, 1720 S Michigan Condo Assn, Chicago

Sue Douvan, Country Villa Condo Assn #1, New Lenox

The Learn & Lead series is ACTHA’s signature educational offering for those living in community associations. Taught by leading experts in the field, this six-part program highlights the fundamentals that all board members should be familiar with including governance, administration, finance, meetings/elections, physical aspects and insurance/risk management. Sessions are presented in-person throughout the year and also available online through www.actha.org.

A MESSAGE FROM THE EXECUTIVE DIRECTOR

Important Change Regarding ACTHA Membership Dues

Dear Association and Commercial Members,

I want to make you aware of a recent administrative change impacting your association/company's ACTHA membership moving forward.

Effective January 1, 2017, all ACTHA memberships will cover the calendar year (January 1 – December 31) instead of the anniversary date of when your association/company joined. This change will align all ACTHA members to the same dues cycle while streamlining our internal business operations. It also allows members to submit dues payments early in their fiscal cycle, which for most members runs on the calendar year.

As part of this transition, the primary contact from your association/company will receive a modified dues invoice that will adjust the membership to the calendar year. For example, if your membership is due April 1, 2017, your association/company will receive a pro-rated invoice for 75% of your total dues rate to cover the period through 12/31/17. Moving forward, all ACTHA members will receive dues invoices for the following year in December, with additional reminders in January and February. The deadline for members to renew is March 1.

Please note that dues rates will not increase in 2017. Through strong financial support from our commercial members, ACTHA is able to extend affordable membership rates and nominal event pricing for association members.

Additionally, the ACTHA directory (which typically distributes in late fall each year) will now distribute in spring after our dues cycle is complete.

Associations that hold ACTHA membership may extend benefits to any and all unit owners. Members receive discounted rates for participating in any of ACTHA's seminars, events and other programs. Encouraging owners to attend ACTHA's educational offerings is a great tool to recruit volunteers for your association. And for those of you budgeting for next year: remember to include ACTHA membership and registration fees in your annual budget. An educated board is an effective board!

If you have any questions regarding this change or membership in general, please contact our office at 312-987-1906 or via email at actha@actha.org.

Thank you for your continued support of ACTHA!



Mark Swets, CAE
Executive Director



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Chicago, IL 60603

North Expo Recap

An enthused crowd of 200 people gathered at the Renaissance Chicago North Shore Hotel in Northbrook on October 15 as part of ACTHA's North Expo. The event featured 8 different education sessions addressing association-related topics and a trade show with nearly 40 vendors providing products and services. Breakfast provided a relaxed atmosphere for owners to meet and discuss association issues.



Left: Joel Davis of CAU Insurance discusses risk management with an Expo attendee. **Below:** Attendees participate in a session “Reducing Liability for the Multi-Family Property” with Joshua Mailey of Signal 88 Security

Mark your calendars for ACTHA's 2017 Spring Conference and Annual Meeting!

Saturday, April 8—Drury Lane—Oakbrook

What were valued takeaways from the event?
(Answers courtesy of our attendee survey)

“The information from the speakers was very helpful, especially to a person new to condo living.”

“Gained helpful info on law changes in Jan., when to consider a loan. Excellent rules & regs presentation”

“A better understanding of Governing Docs and the roles of board members, and a chance to meet face to face with vendors we currently use”

