

Association of Condominium,
Townhouse, and
Homeowners Associations



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September 2015

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**ACTHA's
SOUTH EXPO**

Sat., Oct. 3, Tinley Park

See page 4-5 for details

CAN A MANAGER BRING VALUE TO AN ASSOCIATION?

By Angela Falzone of ASF Enterprises, LLC

This was a question recently asked by a Board President of ACTHA. The answer is “yes”, the right manager can help bring value to the property!

The most important responsibility of a Board is to retain and enhance the value of the property. A good manager can assist in every detail in that obligation.

While it should start with the management company philosophy and training, a good manager should bring to the job five major components of service. Armed with these skills and attributes, not only will the property values improve, but the Board and manager’s jobs will become less stressful and more rewarding.

Care

A good manager will take ownership of the property. Responsibility for the day to day maintenance and financial health is serious duty, and all attention to details should be undertaken. Surface or token efforts will result in missed elements, and that causes mistakes and the possibility of major problems. A good manager will identify all components, understand all aspects, and keep focused on the current and future needs of the property.

Knowledge

If the manager truly Cares, then total Knowledge comes with that territory. Armed with a thorough review and understanding of the association documents, Illinois laws, rules, regulations, owners, residents, vendors, and employees, the manager is well prepared to handle the details, guide the board, respond to the residents, oversee the projects and create a harmoni-

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NEW LAW AFFECTING ASSOCIATIONS

Public Act 99-178, effective January 1, amends the Mechanics Lien Act (770 ILCS 60/1 et seq.) to allow property owners, including both condo and non-condo associations to substitute an insurance bond for the association's property in actions by a contractor to foreclosure a mechanics lien.

Remember that in the ordinary course, condos do not actually own any real estate. An association may have bought a unit for the use of a janitor or some other reason, but that is rare. The only property owners in a condo are the unit owners themselves. CICAs by contrast, routinely own real estate. Streets or recreational facilities and other common areas are typically deeded to the association at turnover. In addition, each unit owner typically owns actual land and the improvements (home) on that land.

Because a condo association rarely owns actual real estate, Section 9.1 of the Condo Act sets out a framework for the creation and allowance of liens, like mechanics liens: No lien can arise against the Common Elements. If the Board authorizes work that results in a mechanics lien, it is as though each unit owner has authorized the work and each unit is liened in an amount equal to the unit's undivided percentage interest in the common elements.

Because CICAs and the unit owners of CICAs own real estate (and the regular mechanics lien laws apply), the CICA Act doesn't contain a provision similar to Condo Act Section 9.1.

Essentially, what PA 99-178 does (for any land owner, not just associations) is to set up a procedure whereby the land owner (or association) can apply for and obtain a surety bond over the mechanics lien claim. If the bond is obtained and a proper petition made to the mechanics lien court in which the case is pending, the effect is to cause the bond to be substituted for the real estate as subject to the lien claim. Public Act 99-178, Section 38.1(f) and (g).

The statute also says that everyone a party to the mechanics lien counts of the lawsuit, other than the principals on the bond and the bond surety, are to be dismissed as parties to the mechanics lien case. Section 38.1(g). But since the principal will, I assume be the association, it would seem the association remains a party, even if the underlying real estate is now no longer subject to the mechanics lien.

And to the extent the contractor's lawsuit also raises purely contract counts, in addition to the mechanics lien counts, those counts are unaffected by this bond process.

Since this is a new procedure, it remains to be seen if the bonds will be priced so that they can be generally used in mechanics lien actions, or whether the pricing or other issues prevent the use of this process, except in rare circumstances.

It should also be noted that Chicago and other municipalities typically record a lien on an association when the city brings an action for alleged violation of the building code or other city ordinance. Since PA 99-178 only applies to cases arising under the Mechanics Lien Act, the use of the bonding process will not be available to an association which has had its property liened in a city enforcement action.

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ACTHA'S SOUTH EXPO: Sat., Oct. 3, Tinley Park Convention Center

(for more detailed info on the Expos, visit www.illinoiscondoexpo.com)

8—9:30 a.m.

11:30—1 p.m.

INSURANCE FOR DUMMIES - Basics 101:

- Policies required under the law for associations
- New provisions to insurance in the Condo Property Act
- Changing standards and full replacement coverage

Presenters: Nancy Ayers of Mesirov Financial and Jim Slowikowski of Dickler Kahn Slowikowski & Zavell

DON'T MAKE IT A POPULARITY CONTEST - The Election Process:

- The process from notification to ballot counting
- Proxies, challengers and challenges to elections, campaigning do's and don'ts, and nominations from the floor
- Advantages/disadvantages of each election model

Presenters: Jory Carrick of Williamson Management and Attorney Charles VanderVennet

8—9:30 a.m.

11:30—1 p.m.

WALK THE LINE— Rules & Regulations:

- Development and Implementation
- Legal implications or pitfalls to avoid
- How it works – a mock hearing

Presenters: William Knee of Beyer and Knee and Martin Stone of HSR Property Management Services

LOL - Texting not Talking:

- Email, websites, texting, Facebook, LinkedIn, Twitter and all the other forms of communication
- Convenient time-savers with drawbacks
- Protections when messaging electronically

Presenters: Chris Berg of Independent Association Managers, Lindsey Daehnke of Keough & Moody, Attorney Denise DeBelle

SOUTH EXPO REGISTRATION FORM

Free Trade Show! Free Parking! Free Breakfast!

Registration: 7:30 a.m. 1st Set of Seminars being at 8 a.m. Trade Show: 9—11:30 a.m.

Your pre-registering helps us with planning! Thanks in advance.

ACTHA Member rate: \$ 30 Non-member rate: \$ 45

If registering after Sept. 30 for the South Expo, add \$20 to the above prices.

___ Attending the Trade Show only (Free) ___ Attending the Trade Show & Seminars

Name of Association: _____

of Units: _____ Management Company (if applicable): _____

PLEASE PRINT. Provide the following info: 1) Name, 2) Board Member or Owner, 3) Address and 4) Email

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-nious atmosphere. Knowing first hand and ensuring what makes this property work best can only contribute to the overall benefit for all concerned.

Process

This Knowledge and Caring should result in a Process for every aspect of the management of the property where and when possible. The more protocols, and pre-planning, the less chance of crisis management.

Everything should be a Process, not a Project!

The more identifiable day to day issues are reduced to a form, a plan, and controlled system, the less chance of failure on so many levels. Disorganization, lack of protocols, always trying to guess or catch up are signs of bad management, and poor training. The more the manager does to eliminate these daily mishaps, the higher quality of professional services the property will benefit by, and efficient, consistent and stable routines will follow. That consistency is the basis of controls.

Semi-annual inspections of motors, roofs, and other major components result in less breakdowns, surprise costs and creates stable assessments. Efficient guidance with properly designed agendas, and timely reporting to the board can affect shorter meetings for boards to sift through the business of the association and make informed decisions. Ensuring detailed minutes of all actions taken allows accurate paper trails, and affords a good communication process for owners. If everything possible is reduced to a process that is detailed and controlled, even the unavoidable emergencies will be handled in the most efficient manner.

Relationships

Managing property is not impossible: it's either broken or it's fixed, it needs water or it doesn't, if it's a leak, patch it. The really hard part of the job is "people management". No system, process or plan can please everyone, all the time: sooner or later, the manager is bound to have a confrontation with an irate owner or board member, a dispute with a vendor, an issue with an employee. In addition to all the other skills a good manager must exhibit, handling people is one of the most important. Knowing when and how to respond strongly but with respect is an exceptional attribute that experienced, quality managers exhibit instinctively. Addressing an owner's issue, no matter who is right or wrong, while making them feel heard and acknowledged is important to the overall aura of the association and can go a long

way to instill confidence and comfort throughout the residency. Fair assessment of rule violations, good communication skills and equal enforcement are mandatory when monitoring the livability of the property. Quickly paid vendors, agreeable and willing employees all contribute to the harmonious atmosphere that everyone wants.

Flexibility

Taking all the above into consideration, using knowledge, care, processes and people skills, a good manager must be flexible enough to know when the systems need tweaking, or the owner is right and an apology is in order. Harder still is knowing that the Board has the last word, even when it's not what may be the manager's recommended choice. Every day, better ideas are brought to the table, new laws come out that require changes, vendors show up with improved systems. Keeping the building moving forward, always seeking the best answers for any new information that comes up is the progressive and professional manner that allows the property to thrive. In a perfect world!

Does such a perfect property manager exist?

Many managers have the training, knowledge and attitude to bring the property to the highest and fullest level possible. Add to this, the requirements for professional conduct in the Community Association Manager's Licensing Act. However, that can't be the whole answer. Working closely with a dedicated Board who understands that they are not there to keep assessments low, to satisfy owners, or cave to the complainers, but to have the vision to move the property forward consistently and professionally, benefits everyone. The right "team" understands that owners unwillingness or inability to pay should not affect their obligation to make the right choices based on information and the needs of the property. While difficult to execute, raised and/or special assessments must be considered when demands of the property call for such action. If a new roof is needed, then everyone must pay for their share of that improvement, and a good manager and dedicated Board can communicate the information in a manner that allows every owner to realize the need outweighs the burden. This retains the quality of the property, and that, in the end, improves the value. When everything works together, it can't fail!

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TIP OF THE MONTH

Tips to Running an Effective, Efficient, Board Meeting

Have an agenda and someone to keep the group ON-Topic. As with any meeting where opinions may differ and discussions can easily gain momentum and sometimes spin out of control, a board meeting needs to be regulated. If a topic requires more attention than another, a decision needs to be made as to where time will be made up. Maybe a less important agenda item can be tabled. In any case, there needs to be someone in charge of keeping time and making sure the agenda is being followed.

Make sure all documents are received at least a week before the meeting takes place. Ideally, an electronic format can reduce waste and allow certain board members or homeowners to only print up what they find necessary to them. In many cases, this can also save money on printing costs that some management companies charge.

Make sure to address the goals of the meeting, necessary minutes needed to achieve each item, and the speakers that will be presenting in advance of the meeting. This gives all in attendance an idea of what to expect and will help maintain the attention necessary to achieve the goals that are actually written.

Make sure you are in a room that is comfortable, well lit, and is easy to be heard by all in attendance. There is nothing worse than being in an uncomfortable room with awful lighting that makes people want to get out as fast as possible- even to the detriment of their own decision making. Add a bad sound system, or the inability to hear the speaker and you will find yourself with the same topics on the agenda every meeting. Set the stage for success to achieve success.

Michelle Kenny of Home Again Community Management

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