



Selecting an Association Management Company



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HOW DO I SELECT AN ASSOCIATION MANAGEMENT COMPANY?

If you live in a condominium, cooperative or homeowner association, you may need to search for qualified individuals or firms to provide professional services. Selecting a community association professional – whether an on-site manager, management company, attorney or reserve specialist – can be a daunting task. The information contained herein is provided to assist associations when facing the task of hiring a manager.



It is common for management companies and Boards to get “into a rhythm” where the Manager assigned and the Board knows who does what, and when, as well as what to expect. Problems often arise when new board members are elected, and either the Manager does not understand that the expectations have changed or the Board does not communicate the things that matter to them most, (which could be different from what was important before the change in Board membership).

Boards of Directors change members periodically, (must have two or three year terms). New member expectations of what they wish their management company to perform for the Association may be different from the expectations of the previous members of the Board

BEFORE SWITCHING MANAGEMENT COMPANIES

Boards with some level of dissatisfaction are often best served by meeting with the Manager with the purpose of expressing issues that the Board does not feel are being addressed adequately or in the manner desired by the Board. This should not be scheduled at the same time as a “regular” Board meeting, but rather in a setting where the only item on the agenda is expectations of management. This process of quantifying why one is dissatisfied is a good step to resolving the issue.

This meeting, if held in such a manner to make everyone feel that the participants share a common purpose to resolve that need additional attention or to be addressed in a different manner than used in the past, and provides honest opportunities for clarification, can often “clear the air” and get everyone on the same page going forward. However, despite the best intentions of all involved, there may come a time when selecting a new management company for the Association is the only viable alternative. Below are some techniques and suggestions to help you attain the best results in choosing a new management company.

AFTER DECIDING TO CHANGE

Decide what you want... (talk about making at least a simple rfp)

- **What are the Management Company’s Qualifications?**
While most states, including North or South Carolina have no manager licensure requirements for Association Management companies, Boards should look to what the management company’s qualifications are to do the job well for your association. Here are some questions to ask?
- **How long has the company been in business?**
There have been many “start-ups” that come and go and unfortunately sometimes leave a legacy of problems behind. Companies with stability and “staying power” in the marketplace have the experience to take care of the customers’ needs, and have systems and programs in place to ensure safeguarding of Association funds, collect assessments due to the Association, help keep the association’s risk of lawsuits and other problems from arising, ensure the Association has the proper insurance, and avoid problems in many other aspects of Association operations.
- **Does the company have independent accreditations?**
Most qualified management companies obtain accreditation from the Community Associations Institute (CAI®), a non-profit national organization with state or area chapters devoted to sound practices in community association operations. Only companies whose managers have attained qualifications such as Association Management Specialist (AMS®), Certified Manager of Community Associations (CMCA®), and the coveted Professional Community Association Manager (PCAM®), and agree to abide and follow the Professional Manager Code of Ethics, are eligible for the prestigious Accredited Association Management Company (AAMC®) designation.
- **What is the experience level of the account manager?**
Knowing the average experience level of the account managers in the organization can provide further information as to the stability of the company, and the ability of the individual managers to provide for your association’s needs. If most of the individuals serving as managers have less than two years’ experience, the company lacks either adequate training programs or personnel policies in place to attract and retain quality managers. This should serve as a red flag in your search for management services.

- What programs/procedures/technology does the management company have in place to facilitate association operations?
While Quickbooks may be just fine for a small association with a simple assessment (fees) schedule and very few bills to pay, most Associations needs are best met by software tailored to association management.
- Can the management company’s software produce standard financial reports?



- Balance Sheet?
 - Income and Expense (P & L) Statement with Comparison to Budget?
 - Check Register?
 - Aged Delinquency Report?
- What techniques does the management company employ to pursue delinquent accounts?
 - Does the management company work with law firms that specialize in collection of delinquent association assessments?
 - Does the management company offer automated payment services to make it easier for owners to make their payments (e.g., Autodraft for monthly assessments, accept credit card payments)?
 - What do we want our Management Company to do?
Identifying exactly what tasks the Board wants the Manager to accomplish is often one of the most difficult parts in this process.

FIVE (ADDITIONAL) QUESTIONS EVERY MANAGEMENT CANDIDATE SHOULD HAVE TO ANSWER

1. What client or clients have you managed the longest?

At AMG, we are proud to have managed a set of Associations over 25 years. You will find some of their recommendations on our web site. It is one thing to claim that an organization has lots of experience but at AMG we can prove it.



2. What designations are held by your firm and for how long?

There are several designations issued by the Community Associations Institute:

- **CMCA** is the first step to gaining the fundamental knowledge needed to manage any type of community association;
- **AMS** is the second level in career development track for community association managers; and
- **PCAM** is the designation indicating the highest professional recognition available nationwide, to managers who specialize in community association management. Those who have earned a PCAM designation are the elite—the select—the best.
- **AAMC** accreditation demonstrates a company’s commitment to providing the unique and diverse services community associations need. An Accredited Association Management Company ensures that their staff have the skills, experience, and integrity to help communities succeed. Its managers have advanced training and demonstrated commitment to the industry—just the type of professionals that community association boards seek to hire!

At AMG, all of our managers hold or are candidates to become a CMCA, AMS or PCAM. Association Management Group, Inc. was the 1st company in the US awarded the AAMC designation.

3. How long have the Management Company employees worked for that company?

At AMG, our average employee has been with the company 14 years - many over 20 years. The answer to the question tells you a lot about the company you are considering hiring.

4. Does the Manager offer affiliation with proven professionals?

At AMG, many of the attorneys we work with are nationally recognized as association lawyers, having been selected by the College of Community Association Lawyers. Not only do the accounts AMG uses pass a tedious peer review, but some are among the elite CPAs who perform peer reviews for the North Carolina and the American Association of Certified Public Accountants.

5. Does the firm have links to assist you governmentally?

At AMG, we recognize the importance of being able to work with our federal, state and municipal governments. Often associations can save thousands of dollars by negotiating municipal services.

Selecting an Association Management Company is part of a series of HOA Guidance booklets prepared by Association Management Group (AMG) for clients of the firm and friends. It is intended to provide general information and does not constitute legal, accounting, tax or insurance advice. Specific questions should be directed to your association lawyer, accountant or insurance professional.

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Has established a strong presence as a customer service expert, helping clients get exactly what they need and want from their vendors. She has strong knowledge of community management and operations, and special expertise with customer service and human resources.

AMG offers consistently higher quality service because of unique and proprietary systems it has developed. AMG companies manage over 250 condominiums, townhomes and planned unit developments throughout the Carolinas.

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Selecting an Association Management Company is provided by Association Management Group as a community service and resource to its member communities. Other titles in the series include: A Guide to Parliamentary Procedure, A Guide to a Safer Home, Guidance for Financial Management, A Guide to Collecting HOA Fees, Guide to NC Covenant Enforcement & Adjudicatory Hearings, and Minute Taking Made Easy. For a copy, please contact your account representative or visit www.AMGWorld.com.