



No Surprises? No Drama? Adopt Operational Policies

by Robin Spencer

A policy is a principle or rule used to guide decisions and achieve consistent and fair results. The system or method, based upon the policy, is referred to as a procedure. Association documents typically do not indicate when to send letters to residents, the wording of the correspondence, or exact follow-up steps. In short, governing documents give little guidance on carrying out routine tasks. Every association needs operational policies for implementation. One of the key responsibilities of a board of directors is to establish and follow these important procedural steps. Policies and procedures are critical to mitigating risk. Well thought out, written policies and procedures exhibit a proactive approach to association management. The documentation of them is a way for the board to

indicate that they are using prudent business judgment.

Many times, a community manager gets a bad rap over operational policies and procedures. A manager is sometimes seen as being arbitrary or difficult because they are acting in a prescribed way. Community managers act as agents for the board; they do not create policies. The role of managers is to enforce what has been established by the board, state laws, and basic financial safeguards—and carry out the policies consistently.

Policies and procedures take the subjective, individual circumstances out of the equation. Each decision is applied according to established criteria so that it is not selective and it is not personal—it is business. They also provide the parameters by which the manager and the management company can consistently undertake the day-to-day operations of the association. For associations that are not self-managed, the management company has an obligation to advise the board on industry “best practices” for policies to adopt. An experienced management firm can provide a great deal of practical insight on policies that eliminate acrimony and reduce pressured reactions.

One of the most common examples of the policies and procedures is covenant enforcement. “Enforcing rules on neighbors is very touchy under the best of situations,” says David Freden, community manager for several associations in The Forest in Ft. Myers. “While the process is not meant to be intrusive or punitive, it can be viewed

that way by the recipient of a violation letter. That is why the rules violation process needs to be carefully thought through by the board. It must demonstrate that the board does not pick and choose who to cite and who not to.” Every detail is important: 1) the exact tone and wording of each letter, 2) the waiting time between letters, 3) the appeals process and 4) the fine for specific infractions.

Another common example relates to vendor liability and Workers’ Compensation coverage. Some vendors, by the nature of their business such as tree trimmers, roofers, painters, and paving companies involve a fair amount of exposure to liability. “Every association I have ever worked with requires liability insurance and Workers’ Comp as basic operational policy for all contractors. The policy protects property from damage caused by vendors and protects the community from any claims of bodily injury to an uninsured worker as well,” says Sharon Kline, Vice President of Sentry Management’s Tampa Division. Although small vendors with three or less workers are able to obtain a Workers’ Compensation exemption in Florida, the exemption does nothing to reduce risk. With an exemption certificate, the vendor’s employees can still sue the association for medical claims. So a vendor liability and workers’ comp requirement is a smart and reasonable operational policy for associations.

Collections are another board responsibility usually requiring a detailed policy. Much of the policy is determined by information in the Declaration or Master Deed.

For instance, the documents may spell out: 1) how the assessment is determined, 2) when it is late, 3) how to calculate the late fee, 4) can any of the late fee be applied to the assessment, and 5) how much interest is accumulated on a past due assessment. “What is really important to a community manager,” says Thomas Richardson, community manager for The Renaissance I Association in downtown Sarasota, “is when to send late letters, when to do an Intent to Lien Notice and when to file the Lien.” There is another aspect to collections policy—the motivating effect it has on residents to keep their maintenance assessments current. “By clearly explaining to residents through newsletters and websites the deadlines and actions relating to payments,” continues Richardson, “you are putting them on notice of what to expect if they should happen to fall behind in their obligation to pay.”

Some association policies are clearly laid out by state laws and administrative code. An election for Florida Condominium and Cooperative Associations is probably the most exacting example of a detailed procedure. Besides advance notice requirements, wording on the ballots, and how to conduct the election, there are detailed specifications on envelopes. There must be outer and inner envelopes. Specific information must be on the outer envelope, and it must be signed by an eligible voter when returned. The larger envelope must contain an inner envelope with the secret ballot. Condominium boards must always comply with the letter of this law. The purpose of the policy is to guarantee no residents are disenfranchised in the voting

Positive effects of the certification could be further understanding and better implementation of policies and procedures, ultimately resulting in much more smoothly operated associations. No surprises. No drama.

Morse Watchman's KeyBank by Secure-Tek Systems



Computerized Key Control
Efficient, secure key storage and tracking
with total accountability for up to 1,800 keys

Secure-Tek Systems

305-383-9169

sid@secureteksystems.com
www.secureteksystems.com

Water & Sewer Costs Out Of Control?

- Rentals using too much water?
- Concerned with leaks?
- Wasted water driving up cost?
- Paying for your neighbors habits?

Submetering is the Answer!

- Promotes individual responsibility
- Consumers pay for what they use
- Reveals leaks
- Drops property consumption 30%

Midway Services The Submetering Experts

- Florida based business since 1957
- Licensed plumbing contractor
- Experienced meter installations
- Repair of submetering systems
- Unparalleled billing services
- Fully staffed customer service



Midway Services Utilities

4677 118th Avenue North
Clearwater, FL 33762
www.msubd.com

Call 888-MY-METER, EX. 250
888.696.3837

**for a free site
evaluation and quote**

process. Following it faithfully is important—if the steps are not followed, the election can be invalidated.

Policies and procedures adopted by an association may address a myriad of topics in addition to the four discussed. Most often, policy is also formulated for the enforcement of covenants, architectural guidelines, formation of the agenda, handling business of the board meetings, lease approval (if applicable), handling owner's complaints, bidding out contracts, and use of facilities.

A much-discussed fairly recent change to the Florida condominium laws is the certification requirement for board members. Within 90 days, each newly appointed or elected director must certify they have some basic operational knowledge of their association. One of the requirements is reading and reviewing all current written policies—and assurance that the relevant documents and policies will be upheld to the best of their ability. The intent is that certifications will make board members more effective in fulfilling their responsibilities of managing the financial aspects of the community. Other positive effects of the certification could be further understanding and better implementation of policies and procedures, ultimately resulting in much more smoothly operated associations. No surprises. No drama.

Robin Spencer is Vice President, Sarasota Division of Sentry Management, Inc. For more information, visit www.Sarasota.Sentrymgt.com. ■

IMMEDIATE CA\$H RELIEF FOR YOUR COMMUNITY



ASSOCIATION CAPITAL RESOURCES
Financial Solutions for Your Community

- We provide immediate cash flow to your Condominium Community to cover delinquent assessments.
- With Association Capital Resources, your association will no longer be responsible for collection related legal expenses.
- We offer assistance in obtaining warrantability for lender qualification (FHA/VA/Fannie Mae/Freddie Mac) and Special Assessment Loan services.

We know Associations. And we are here to help.

Call or register on our website today to get started!

www.AssociationCapital.com

10 S. Newnan St, Suite 1 ■ Jacksonville, FL 32202
(904) 301.0101 TOLL FREE 855.750.0101