



8 HOA Management Company Myths

Homeowner associations hire management companies for two basic reasons: to carry out board policies and to manage the homeowner association's business affairs. Sometimes, however, the management company's role is misunderstood which could bring the management company into conflict with the board or members.

1. Management Company is Available 24/7. HOA managers generally manage many homeowner associations and must divide their schedule among them. While the management company usually provides help when needed, the manager's time is carefully orchestrated between clients to maximize efficiency and cost effectiveness to the clients.

2. Management Company is Responsible for Contractor Performance. The management company does not have direct control over the contractors. It's up to the contractor to provide agreed upon services in a timely manner. When the contractor fails, it's up to the management company to enforce provisions of the contract by whatever means necessary including withholding payment or legal action.

3. Management Company Should Anticipate Maintenance Issues. There is a perception that the management company should catch common maintenance problems as they happen. In reality, this information comes from the board or homeowners as well as feedback from maintenance contractors. To control management costs, identifying maintenance problems in a timely way is a team effort.

4. Management Company Works for the Owners. The management company enters into a written agreement with the board of directors which authorizes the manager to run HOA business in accordance with the governing documents, approved budget and additional direction provided by the board or board president. Owners have no contractual authority and the management company should not take direction directly from an owner.

5. Management Company Takes Direction from Every Director of the Board. management companies act under the direction of the entire board of directors or the board president, who generally has authority to speak for the board between board meetings on many but not all issues.

6. Management Company is a Referee. Homeowners should not expect the management company to arbitrate disputes with their neighbors. Unless the dispute involves a violation of HOA rules or policies, the management company should not usually be involved.

7. Management Company is an Owner Advocate. Venting frustrations at the manager about a board action or inaction may make a homeowner feel better, but it's up to the homeowner to make the case directly to the board. The management company is not hired to be an advocate.

8. Management Company is Responsible for Delinquencies. The management company is responsible to follow the HOA's Collection Policy or as directed by the board. Demanding payment doesn't always ensure getting it, but the manager is responsible to keep up the pressure by following the Collection Policy which, hopefully, provides for escalating penalties for non-payment (late fees, legal fees, restriction from amenities, curtailing voting rights, etc.).

An HOA management company's list of duties is long and encompasses many categories of management including financial, maintenance and administration. The management company is a hired contractor that works under direct supervision of the board and according to conditions of the Management Agreement.

Questions? Contact Us!

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