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TRAINING FOR
OWNERS' ASSOCIATION EXECUTIVE COMMITTEES
IN SLOVAKIA

PARTICIPANTS' COURSE BOOK

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Session 1 Legal Basis of the Owners' Association

Session Objectives:

- Learn the legal basis for sale of residential and nonresidential spaces in a condominium, and the legal status of a unit owner
- Learn what laws influence the status and operations of an Owners' Association (OA) and an Executive Committee
- Learn what forms of administration and management of the property are available.
- Learn to prepare an association agreement and other contracts for carrying out the work of the OA and the Executive Committee

OVERVIEW

The purpose of this session to help the Executive Committee understand the legislative framework applicable to the sale of units in an apartment building, and the establishment and operation of an Owners' Association (OA) and an Executive Committee.

Act No. 182/93, as amended, is the legal basis for the sale of apartments and nonresidential units, both in buildings constructed by the state as rental housing and in newly constructed buildings. This law provides for the sale of a unit and a share of the common property of a building, which is recorded in the real property records of the appropriate jurisdiction. The law also describes the rights and responsibilities of ownership, including the owners; obligation to maintain his or her own unit and to share in the costs of maintaining the common property. This form of ownership conveys the right to rent, inherit, or sell the individually owned

property, and to participate in decision about the improvement and management of the common property.

There are two basic options for management of the property under the law: the owners can enter into an association agreement and form an OA, or enter into a contract with an outside individual or firm to manage the property. The law has been interpreted to allow the owners to do both, that is, to form an owners' association and to enter into a contract with a manager. In that case, the OA itself would be a party to the management contract. If there is no OA, each individual owner would have to sign a contract with the manager. For this reason, it is recommended that an OA be formed in every condominium, whether there is a contract with an outside manager or the owners themselves manage the building.

The association agreement is the fundamental document for establishing and operating an OA. It provides basic guidance on how the OA will function, and facilitates the owners' ability to maintain the property in good condition and to improve it through major repair and renovation projects.

Purpose No. 1: To clarify Act No. 182/93, as amended by Act. No. 151/95 and Act No. 158/98, which provides for acquisition of a unit and co-ownership of common areas and facilities as a new form of ownership in common.

A. *Subject and scope of transfer of existing housing stock.*

Act No. 182/93, as amended in Act. No. 151/95 and Act No. 158/98, provides for sale of a unit and co-ownership of common areas and facilities to the present tenants of residential and non-residential spaces. The Act defines basic concepts related to transfer of a housing unit, non-residential space, common areas and facilities, accessories, floor area, land plot, and adjacent plot.

According to the Act, each unit owner simultaneously becomes co-owner of common spaces and facilities. Ownership in common is inseparable from ownership of a residential or non-residential unit. The basic components of a unit, which may be owned by physical or legal persons, include the following criteria:

They are permanently assigned for housing, or they are non-residential spaces comprising one room or set of rooms, which are assigned by decision of the property office for other than for housing.

Other parts of the house -- that is, neither residential nor non-residential spaces -- are called common property. Unit owners are owners in common as far as these common spaces and facilities are concerned. Usually this includes the plot and adjacent plot, according to the language in the sales agreement. The unit owners own the common property proportionately. The ratio is usually expressed by a fraction according to the following formula: the floor area of one unit divided by the sum of the floor areas of all units.

Purpose:

The purpose of this Session on the legal basis for acquiring ownership of residential and non-residential units and the importance of establishing an OA are:

- To clarify Act No. 182/93, as amended by Act. No. 151/95 and Act No. 158/98, which provides for acquisition of a unit and co-ownership of common areas and facilities as a new form of ownership in common.
- To clarify how property can be assigned or transferred.
- To explain the important of the OA, its legal foundation, and how it is distinct from the position of an individual owner.
- To clarify the importance of foundation supplementing legal documents and their content.
- To clarify legal relations with other entities.

Ownership in common is a very important notion, because it indicates how an owner contributes to the costs of administration

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and maintenance of the common property, unless the owners have agreed to a different formula for calculating how costs are shared.

B. Methods of Transferring a Unit

A residential or non-residential unit may be assigned or transferred in the following ways:

By contract,
By inheritance, or
By decision of a state authority.

The law regulates two types of contracts:

Contract of assignment of a residential or non-residential space in a housing unit,
Contract of construction, during or after construction.

The contract of assignment of a residential or non-residential spaces is concluded by a assignee and the house owner, being either the municipality or state, a commercial company, or another legal or physical person. Residential or non-residential spaces can be acquired by legal or physical persons in form of ownership in common for physical or legal persons, or ownership by entirety for spouses.

Ownership can be acquired only from the owner of a residential or non-residential space, not from a tenant.

On the basis of a contract, the purchaser submits an application to register the assignment with the property register, with the house documentation attached to the first application for assignment concerning the sale of the first unit in a given building. It contains information about the size and the location of the residential and non-residential spaces in the house, common area parts and facilities, and other accouterments.

The Act stipulates that the owners in the house are entitled to a lien to settle claims arising from legal relations concerning the house, its common parts and facilities. Thus, the owners are mutually bound as far their liability to pay is concerned.

If not all units are sold to their tenants, the owner continues to be owner of unsold units, while tenants of unsold units remain tenants of the owner. The owner of unsold units is governed by the same rights and obligations as the other unit owners. If there is an OA, owner of unsold units is a member of the OA.

The Act defines the parts of the housing stock to which its provisions do not apply. It is not possible to acquire a unit of special assignment or a unit in a house of special assignment (§2 and §3 of the Act No. 198/92), or a unit approved by a town plan for sanitation. The Act does not apply to sales of units in family houses. The limitations of acquisition of property by foreigners are stipulated by §19 of the Act No. 202/95 on foreign currency.

Purpose No. 2: To express the importance of founding an OA, the legal position of a OA, and its relationship to individual owners.

In many countries, condominium laws require the establishment of an OA of any building in the condominium form of ownership. The OA is responsible for administration and management of the common property and decides on activities of the OA, and each owner of a residential or non-residential unit automatically becomes member of the OA. In Slovakia, Act No. 182/93, as amended, does not impose a duty to found a OA, but allows as an alternative management of the commonly owned property by concluding a contract on management with a legal or a physical person. Experience here as well as in other countries leads to the recommendation that an OA be formed in every condominium, with a written association agreement which shall be registered with the Association Register at the respective District Office.

An OA may:

manage and administer the property itself , or
enter into a contract with a manager to carry out management and administration of the property.

An OA with clearly defined rules and legal authority based on a contract helps the owners make decisions about important issues and ways of administering and managing the property. This is especially true because there are two decision-making levels in a condominium: all individual owners can make decision about the maintenance and use of their own unit, but only a OA can act as a

legal entity to decide issues concerning the common property. Without an OA, the owners do not have the structure required for organizing meetings, voting and adopting common rules and decisions about the property in common. An OA represents the most suitable institutional form for decisions about maintenance and operation of a multi-unit house and about repairs or renovations. The owners must approve plans of repairs and amount of monthly fees for the maintenance and operational funds and to create sufficient resources for maintenance and reconstruction.

The importance of establishing an OA can also be seen also in the obligation of each individual owner to take care of the common property. Only on the basis of common decisions can the owners have a prosperous OA, and ensure that individual members participation in carrying out the decisions of the association and obey the rules adopted by the association, including the obligation to pay for maintenance and repairs.

Each owner has right and obligation to participate to decision-making about common issues and to vote in good faith. There is one vote assigned to each unit of residential or non-residential space. Each member has the right to express his/her opinion on management of the common property, the next steps in improving the property, and the obligation to respect the majority decision adopted during the owners' assembly.

An OA as a legal entity cannot own residential and non-residential spaces, or any other real estate.

Purpose No. 3: To clarify the importance and contents of sales documents.

Before signing the contract to purchase their unit, owners must express accord about the method of management of the building -- they have to choose one of the two main options - either to found an OA, or to enter into a contract for management. In either case, it must be a voluntary decision, to be discussed at meetings of the residents and approved by majority vote. It is important to clearly inform the future owners about the options and the general provisions to be included in the contract.

The main legal documents include a sales contract submitted by the seller and signed by the buyer and the seller. The contract must be in writing and must contain the following terms and conditions:

Identification of buyer and seller,
Agreed price of a residential or non-residential space and land,
Description of the residential or non-residential space,
Specification of the size of the residential and non-residential space, identification number of the unit, its surface area including the unit equipment and non-residential space,
Data about proportionate ownership of common property and plot,
Determination and description of the common areas and common facilities, accessories, land, and which parts of the house, accessories and adjacent plot are used only by some owners of residential or non-residential spaces,
designation of rights to built-up area and adjacent plot,
defining the shared ownership of the adjacent plot based on an agreement between the acquirers of residential and non-residential spaces and the former owner,
notification of acquirer of residential or non-residential spaces that he has acceded to the contract on the OA or to the contract on management,
other rights and obligations to which both parties to the contract agree.

The seller submits the sales contract to the property register at the respective District Office. The application for registration must include the following:

name and permanent residence of a person submitting the application (the seller),
identification of the cadastre office to which the application is submitted,
subject of the application, together with the sales contract and technical documentation (in the case of the first sale in a building),
proof of the seller's ownership of the plot and the house, or of the house if the owner does not own the plot,
identification and number of appendices.

Before signing the sales contract, the future owners should be fully aware of the what they are buying, the price they are paying, and which of the two management alternatives they select. If an OA is established, they must agree whether:

the OA will manage the house itself, or the OA will contract with a manager, either for part of the management responsibilities, such as accounting and audit, technical controls etc.

By the time of the sale of the first unit, the management of the house must be provided on the basis of new liability and decision conditions, and necessary services must be contractually provided for.

Governing bodies of the OA act on behalf of the OA as in the case of a legal entity. They represent all owners in negotiations with the third persons. OA bodies are elected by owners of residential and non-residential spaces. The supreme OA body is the General Assembly; statutory bodies (with right to sign) usually are the chairman and vice-chairman, and executive committee, which supervises the operation, maintenance and repair fund management. The number and composition of the OA bodies should be determined on the basis of the number of units. In case of an OA with large big number of unit owners, the OA executive committee and supervisory committee should be comprised of representatives from each house section (staircase).

Purpose No. 4. Clarify legal relations toward third parties.

The OA is established as a legal person to fulfil management and administration tasks, and not for entrepreneurial activities. Therefore, its legal relations with other persons must be governed by the principle of providing necessary services, and not that of gaining economic advantage.

The association agreement should clearly define activities which the OA will carry out itself or by its employees, e.g., cleaning of the common areas, and activities which must be contracted for commercially under the Commercial Code. They are:

opening an account in a financial institution,
building insurance,
delivery of heat and hot water,
delivery of water service,
waste water treatment,
electricity for the common areas,
garbage collection,

emergency service.

There are regulations relating to delivery of these services (e.g., safety precautions, protection of health at work, technical facilities, professional competence, fire regulations, etc.).

The association agreement also may describe other activities to be performed under contracts. These vary from building to building and depend on the size of the house, technical equipment and specific building facilities.

The OA can employ other persons, e.g., accountant, cleaner, technician, maintenance worker, to provide day-to-day services and small repairs, carry out regular technical equipment controls, prepare the OA accounts, and the like. Pursuant to relevant provisions of the Labor Code, the OA may enter into:

employment contracts
parallel employment contracts
contracts to carry out specific work outside the employment contract
single or multiple jobs or services.

Employment contracts require the OA to observe additional regulations:

on paying income taxes,
on social insurance (sick and pension insurance of employees),
on health insurance (unemployment insurance)
on contributions to the social fund (employer must create a social fund and administer it in a special account in a banking institution),
on conditions and premium rates for statutory insurance for damages or liability related to an occupational accident or disease,
on minimum wage.

To fulfill its duties, the OA may possess tangible property (computer, tools, etc.), to be acquired as needed. In case of larger items, the purchase should be approved by the General Assembly. For these purposes, the OA must comply with the contracting provisions of the Civil Code, particularly regarding contracts of sale, exchange agreements, performance contracts, rental contracts (for tangible assets), loan contracts, insurance contracts, delivery of equipment and building arrangements based on a public tender and

selection. The OA can be authorized by decision of the owners to enter into lease agreements for non-residential spaces.

In order to provide more detail about how its work will be done and the property managed, the OA may issue bylaws in addition to an association agreement.

For the professional manager, the establishment of an OA is very important. This way, the manager has one partner for negotiating the terms of the management contract, rather than each individual owner acting on his own behalf. For everyday management issues, the manager can deal with the OA chairman; for more important issues, such as contractual arrangements for garbage collection and other services, or delinquencies in payment of condominium fees, the manager can deal with the executive committee. Serious matters such as year-end accounting and long-term planning of repairs, including proposals for their financing, must be discussed and approved by the General Assembly.

If there is no OA, the manager may enter into a contract with each individual owner, or may have one contract signed by all owners as individuals. To be effective, the manager must be in active contact with a representative of the owners, who helps him disseminate information among individual owners and make decisions without the legal structure of an OA. The manager can proceed only on the basis of majority consent of owners, but they have little opportunity to monitor and control the accumulation and use of maintenance or renovation funds except through review of an annual accounting report that the manager submits for approval at a General Assembly. If the owners do not attend such the meeting, the manager cannot proceed or must go ahead with management tasks without the owners' approval -- neither choice is likely to lead to good management and administration of the building.

After inspection of the technical condition of the building and inventory of equipment, a should prepare professional proposals for repairs or reconstruction for the owners' approval. He should present options, with cost calculations, and submit them to owners for decision-making for major repairs, installation of service equipment, roof repairs, and the like, including a proposal for tender procedures.

It is the owners' responsibility to determine the method of management of the building, and the qualifications and skills of the manager, how he will communicate and interact with the owners, and his remuneration.

DETERMINING THE OWNERS' LEVEL OF UNDERSTANDING OF LEGAL ISSUES

It is useful for the executive committee to know the level of awareness and understanding on the part of the owners about such fundamental matters as sale and ownership of a unit and shared ownership of common property, and the legal basis for the operation of the OA and management of the property. If the executive committee determines that certain issues are not clearly understood by a significant number of owners, it can provide information to clarify these matters through such means as a newsletter, a brochure, or meeting with the owners.

The following questions may be used in a survey of owners;

1. What category of owner are you?
 - owner of residential spaces
 - owner of non-residential unit
 - other (specify)

2. Do you know what property you own and what is your share of ownership? (Check where appropriate):
 - unit
 - lift
 - roof
 - boiler room
 - corridors
 - balcony
 - windows
 - radiators
 - gas feeder line

3. Who administers and manages the common areas of your building?
 - property manager

- OA
- owners individually

4. Do you know that your unit can be transferred on the basis of contract by:

- sale
- inheritance
- execution (why?)

5. What items must be in the contract of assignment to be submitted to the property register?

- description of
- documentation
- association agreement
- residential or non-resid.
- unit

6. If an OA is established, then:

- it is a legal entity
- it is registered
- must be pursuant to the Civil with the register of association agreement Code associations

7. Do you think that an OA can manage the property itself?

- yes
- no
- it is better to have a management contract with a professional manager

8. Would you like to participate in the governance of the OA?

- on the Executive
- on the Auditing
- on an activities committee

9. Do you think the OA or property manager should make available to the owners documents concerning:

- co-ownership

- technical state of the
- plans of repairs
- status of the OA's property
- other (specify)

Any other comments?

Session 2
Roles and Responsibilities of
the Owners' Association Executive Committee

Time: 2 hours 45 minutes

GETTING STARTED (15 minutes)

1. Welcome participants to Session 2. Explain that before going into the formal content of the course, you would like to get to know a little bit about each of the participant's role in their condominium owners' association.

Ask participants to each share with the whole group the following (OH #2-1)

TRAINER'S NOTE: Have your note pad ready and jot down the most important thing they hope to get from the course.

OH #2-1

Please introduce yourself by sharing:

- Your name
- Whether you are a current Executive Committee member or a prospective member;
- What motivates you to be a Committee member
- What is the most important thing you hope this course will help you with.

2. Goals/Objectives

Explain that this course was designed based on Slovakia's growing number of registered owners' associations whose Executive Committees are very actively engaged in the day-to-day management and decisions for the association. Many of these associations rely on Executive Committee members and other owner volunteers to "self-manage" the association, that is to say, they do not hire an individual person to serve as their on-site property manager, or a property management company. The shortage of good

management companies and cost considerations often make "self-management" the only logical choice.

Explain that this course therefore strives to meet the following objectives for Executive Committee members of self-managed condominium associations: (OH #2 -2)

OH #2-2

OVERALL COURSE OBJECTIVES

Clearly define the role of Executive Committee members in a Condominium Owners' Association

Identify all components of property management which an Association needs to address

For each property management effort, provide Executive Committee members with the tools and steps necessary to perform the function at a high level

Demonstrate techniques for good working methods, use of volunteers, communications, and organizational skills to help your Executive Committee of Directors do the best possible job of managing the property.

TRAINER'S NOTE: When reviewing the objectives be sure to identify which, if any, of the participants' expectations may not be covered in the course and see if there is an informal way of helping them get the information they need.

Point out to participants that even though this course addresses Executive Committee members who are performing all management functions, the material contained in their course book can be used as well by an on-site property manager, should their condominium choose in the future to hire a property manager.

3. ***Logistics and Schedule***

Go over the block course schedule and explain any logistical arrangements for meeting space, breaks, times, and expectation of the final test. Explain that the materials provided in the course book and in your presentations will give them everything they will need in order to successfully complete the training course. Point out that there is space in the right hand margin of each page in their course book for notes. Answer questions and then move on to begin Session 2.

ROLES AND RESPONSIBILITIES OF EXECUTIVE COMMITTEE MEMBERS

1. ***Session Introduction*** (5 minutes)

Explain that in Slovakia, residents playing a role of self-managing residential property through the process of a representative government structure is not new. Cooperatives in Slovakia have long been a popular form of housing management and many aspects of a cooperative Board member's "job profile" will mirror those of the condominium Executive Committee member.

Explain that we want to explore the powers, duties, responsibilities and members of the Executive Committee, as well as the motivations people have for serving on an Executive Committee, and what benefits they may get from the experience.

Review the session objectives (OH #2-3)

OH #2-3

Session Objectives:

- Identify the powers and duties of the Executive Committees as defined by an association's governing documents.
- Learn Executive Committee requirements to apply the general principles of fiduciary responsibilities, and using good business judgement.
- Learn what skills to bring with you when you serve on an Executive Committee; and what things should be left behind!
- Identify tasks which owner volunteers or committees may perform to assist the Executive Committee.
- Review effective methods used by associations to conduct business in Executive Committee meetings, General Assemblies, and other meetings.

Remind participants that for the purposes of this session we will be discussing the official or formal powers and duties of owners' association Executive Committee members. The day-to-day property management functions performed by Executive Committee members will be discussed in upcoming sessions.

2. *Small Group Discussion* (15 minutes)

Briefly review the fact that generally the membership of a condominium owners' association, called the "General Assembly", elects an Executive Committee to set policies for the association and to implement them. This obviously incorporates a broad range of powers and duties which the association owners via the General Assembly turn over to their elected Executive Committee. Typically the Association Agreement for an owners' association does require that the General Assembly retain certain functions which, under no circumstance may be delegated to the Executive Committee.

TRAINER'S NOTE: *Have prepared ahead of time four flip chart pages, with one of the following headings written at the top of each page: "APPROVE ASSOCIATION AGREEMENT AMENDMENTS" "APPROVE BUDGET" "ELECT AUDITING COMMITTEE" "APPROVE CAPITAL IMPROVEMENTS"*

Divide participants into four working groups, and ask all of them to play the role of a non-Executive Committee member unit owner as they complete this exercise.

Give each group one association function to discuss (approve association agreement amendments; approve budget, elect auditing committee; approve capital improvements). Ask each group to complete the following:
(OH #2-4)

OH #2-4

For this function of a condominium owners' association, identify

1. The possible reasons that the Association Agreement requires that this function be performed only by vote of the General Assembly
2. As an owner what do you see as the advantages to you for the General Assembly retaining this function?

Be ready to discuss your answers with the larger group. You have 10 minutes to discuss this.

3. **Reports** (15 minutes)

Ask for a spokesperson from each group to give their answers. List their answers on the flip chart. Expect these answers, and mention any of them that aren't suggested:

Select Auditing Committee: The financial matters handled by the Executive should be audited as a means of checks and balances by individuals outside the Executive Committee who have not been involved in keeping the financial records which will be audited. Since it is the Executive Committee's record-keeping being audited, they should not be involved in selecting the people who will perform the audit of their books. This system prevents conflict of interest.

Approve Capital Improvements: Capital Improvements generally mean significant outlays of funds, possibly special assessments. Owners should be involved in determining if they want the improvement, and what means of payment should be used. Owners bought into the condominium knowing they would have to pay to maintain it properly. But they did not automatically agree to pay for capital improvements which did not exist in the building when they became a member.

Approve Association Agreement Amendments: The Association Agreement represents a contract between the owners and the association. In principle, owners agreed to be members and meet the obligations in the agreement as it read when they became a member. Just as with any contract, both parties should agree if there will be changes.

Approve Budget: The budget sets the level of services and the condominium fees. Both of these will have a direct impact on all owners, both financially and in the quality of their living environment. Owners should have a voice in setting service and fee levels.

Mention that there are other functions only the General Assembly may perform, and show the following list:
(OH #2-5)

OH #2-5

Duties of the General Assembly which may not be delegated to the Executive Committee:

Amend the Association Agreement

Approve and modify Bylaws and other internal regulations

Elect the members of the Executive Committee

Approve annual reports of the Executive Committee

Approve the annual financial statement of the Association

Approve hiring a professional management firm

Point out that, except for these association functions it is necessary to delegate considerable authority to the Executive Committee in order to operate effectively because: (OH #2-6)

OH #2-6

A condominium may include a large number of owners, and

- Its not feasible for all owners to gather each time an item such as the cleaning schedule for the janitor or how to make a repair must be decided.
- Its not likely a quorum of owners could be gathered quickly enough to get decisions made in a timely fashion.
- It would be difficult and costly to distribute quickly to all owners the background information needed to make an educated decision.

4. *Small Group Discussion* (30 minutes)

TRAINER'S NOTE: Have handouts ready to distribute.

Tell participants that you would now like to take a look at the roles and functions which *are* most often delegated to the Executive Committee. Tell them they may now return to their "real role" as an Executive Committee member for the rest of the session.

Give each participant a copy of Handout #1 and ask them to carefully review each of the responsibilities of an Executive Committee. Mention that underneath each responsibility are listed some of the tasks Executive Committee members can expect to be involved in to meet these responsibilities. Ask participants to do the following: (OH #2-7)

OH #2-7

1. **Select the top two responsibilities which you believe to be the two most important that the Executive Committee has to the owners. Mark the two with a checkmark ("✓").**
2. **Select two responsibilities from the list with which you either have some related experience or qualifications, or which you are most interested in, and would be willing to learn. Mark these two with an ("x").**

You have 5 minutes to complete this. Be prepared to share your selections with others.

Handout #1

EXECUTIVE COMMITTEE RESPONSIBILITIES, AND SOME OF THE TASKS COMMITTEE MEMBERS MAY PERFORM DAY-TO-DAY IN THE ROLES:

- **Maintain, repair and replace all General Common Elements and any Limited Common Elements which are required to be maintained by the Association**
(Make building inspections to learn condition of building and equipment; identify needed repairs; work with contractors and/or the management company to get quality maintenance and repairs made; help develop specifications and contracts).
- **Develop and implement effective financial procedures and record-keeping to provide a system of checks and balances, protect association funds, assure accurate historical financial information, and create the mechanism for monitoring financial performance.**
(Become informed about any government financial reporting requirements; set up and maintain records of all financial operations, monitor collection of fees and recommend policy for collecting delinquent fees; learn how the condominium budget process works).
- **Develop, approve and enforce reasonable rules and regulations as needed to promote a safe, and peaceful environment for residents.**
(Need someone who can assess the reasonableness of proposed rules, determine whether it is needed to ensure a safe, clean and peaceful environment, and can write a draft of the rule for the Executive Committee and owners to consider).
- **Develop and approve administrative policies and procedures to put into place the plan, systems and controls to make each element of management of the property successful.**
(Help put into written form policies and procedures adopted by the Executive Committee, such as a job description for an employee, procedures for adopting new rules, delinquent collection policies, etc.).
- **Oversee the hiring and supervision of employees and contractors serving the community.**
(Learn how to find good employees and/or contractors. Be a good communicator and work with them after hired to have a successful business relationship).
- **Maintain an informed stance on all state and local legislation affecting condominium associations.**
(Learn where to look to keep abreast of changing legislation. Be an avid reader and keep the rest of the Executive Committee informed of changes).
- **Communicate effectively with owners.**
(Be sensitive to the owners' rights to be kept informed and to be heard on important topics. May help develop a newsletter, notices sent to owners, individual correspondence, owner questionnaires, etc.).

After everyone has made their choices, divide participants into groups of 5-7 persons. Tell these groups that for the purposes of this exercise, they should consider themselves a new Executive Committee of a self-managed building..

Ask each "Executive Committee" group to discuss among

themselves and do the following: (OH #2-8)

OH #2-8

1. Compare responsibilities each Executive Committee member checkmarked ("✓ ") and see if there is a general consensus on your "Committee" regarding what they feel their top responsibilities are *to the owners*.

REMINDER: THERE ARE NO RIGHT AND WRONG ANSWERS HERE. SOME EXECUTIVE COMMITTEES BENEFIT BECAUSE EACH MEMBER IS AN ADVOCATE FOR DIFFERENT ISSUES.

2. Look at the ("X") marks to determine the collective experience and/or interests within your Executive Committee, and decide how the members can share in overseeing each of the responsibilities.

Be ready to report to the whole group what your Executive Committee's findings are.

You have 20 minutes.

Bring the large group back together, and give each group spokesperson an opportunity to report on whether their group consisted of a wide variance of opinion on the priorities in task #1 or whether a consensus was reached.

Next, ask the group spokespersons to explain what responsibilities were well covered by experienced or interested Executive Committee members and which were not. Ask if the groups discussed ways to handle all of the responsibilities.

5. ***Volunteers and Committees Assist the Executive Committee*** (20 min)

Explain that, especially when an association chooses to self manage, the Executive Committee will learn that committees and individual owner volunteers can make a tremendous difference in the volume and quality of work an

Executive Committee completes.

Explain that two of the biggest jobs committees can do for an Executive Committee are (1) gathering information on issues and making recommendations as directed by the Executive Committee; and (2) affecting good communications with owners on behalf of the Executive Committee and creating a community spirit. Ask for examples from the participants of any committees they already use, and what the results have been.

Explain that in a few minutes we will do an exercise related to committees, but first you want them to look at some background information. Refer them to page 2-28 of their course books entitled "Committees which need Your Help." which is a notice sent to recruit committees. Also refer them to page 2-24 "Things to Keep In Mind When Establishing Committees". Remind participants that committees may be 1 or 2 people, or it may be 5-10, depending on the work to be done.

Ask participants to look again at the Executive Committee Responsibilities (Handout #1) and recall which tasks they think could be effectively handled by a committee. Take a few suggestions.

Ask if any participants are not in favor of establishing committees, and if so what their concerns are. Expect answers like, committees may become too independent, too powerful, may create factions in the community; or there is doubt that there are enough volunteers. Use information in the "Things to Keep In Mind..." material to minimize these problems, but point out that it is true that committees aren't always the answer in every owners' association.

Before getting off the subject of committees, point out a last but not least benefit of forming committees:

"Committee Members of Today are the Executive Committee Members of Tomorrow." It is the best training ground for tomorrow's Executive Committee.

6. *Fiduciary Responsibilities* (20 minutes)

Explain to participants that in fulfilling each of the responsibilities from the previous exercise, every Executive Committee member must do so as a good fiduciary. Explain that fiduciary responsibility pertains to a position of trust and confidence.

TRAINER'S NOTE: Have the following already prepared on a flip chart in front of room to refer to during this session. Also have handouts ready to distribute.

On Flip chart:

When acting in your role as an Executive Committee member:

Always act as a representative of all owners.

Your individual concerns as an owner must be secondary.

Your primary concern should be how actions affect the association membership as a whole.

Always avoid conflicts of interest.

It is unacceptable to decide on an action because it will benefit you in your personal or professional life.

You must always refuse any discounts or rebates which would benefit you personally.

Distribute Handout #2. Give participants a few minutes to read it. Explain that you want to use some examples to demonstrate Executive Committee decision-making based on the fiduciary role. One at a time, discuss the following three scenarios, and discuss how boards should react as good fiduciaries. Ask for volunteers to identify from the handout or from the flip chart what elements of fiduciary responsibilities apply to each of the scenarios.

TRAINER'S NOTE: *As an option, participants may have better real-life scenarios than these, and you may want to draw from their real experiences instead.*

Scenarios where Executive Committees must consider their fiduciary responsibilities:

A roofing contractor offers an Executive Committee member a cash bonus if it is selected to replace the roof. (Executive Committee may not accept rebates, discounts, and may not vote for contractor based on personal gain)

The Executive Committee is taking no action to try to collect delinquent fees. (Executive Committee may not allow assets to deteriorate)

An investment broker makes a presentation to the Executive Committee recommending that they invest association funds in a somewhat risky stock fund which he believes may quickly double the association's savings account within a few months. (Executive Committee may not speculate or take risks with association assets)
The Executive Committee has decided that they should receive pay for their work on behalf of the Association. (This should be decided only after complete communication of all details with owners and if agreed to ahead of time by the General Assembly)

Handout #2

Fiduciary responsibility pertains to a position of trust and confidence.

It has legal stature – a person who has agreed to act as an Executive Committee member and fails to exercise fiduciary responsibility to the owners is legally vulnerable. The legality is defined from the election to the Executive Committee.

Members who accept the position are entrusted with the care, protection and use of someone else's money and property.

Executive Committee members may not allow the assets of the association to deteriorate. Assets may not be unduly exposed to abuse, theft, or misuse.

Executive Committee members may not speculate, experiment, or take risks with association assets.

Executive Committee members should act with absolute honesty in communications to owners of the property in their trust.

Executive Committee members decisions should be arrived at on a *reasonable* basis by first conducting research, examination of alternatives, assessing risks, and obtaining cost comparison information. Making decisions on this basis means that the Executive Committee used good business judgment.

7. *What Makes a Good Executive Committee Member?* (10 minutes)

Explain that the big list of responsibilities may frighten some people away, concerned that they would not have the qualifications necessary to do a good job.

Mention that it is always helpful to have some Executive Committee members with good heads for figures, someone who understands the mechanical and physical operations of a building, and someone with good management and leadership skills to help the Executive Committee work well together. But even these people need not possess a college

degree in the subject, or extensive related work experience to be valuable, contributing members of the Executive Committee.

Actually, some of the most valuable skills are those that most people possess. Distribute Handout #3 and give participants a few minutes to review it. Explain that this is not to minimize the experience and talents Executive Committee members may have that will serve the association well, but without dependability, preparation and good communication, even the greatest minds will be ill equipped to move the association in a positive direction.

Handout #3

The most valuable attributes Executive Committee members can bring to their association are:

- **Dependability** – Be an Executive Committee member who can be counted on to come to meetings, and follow through on commitments made
- **The Ability to Do Your Homework** – Be prepared for meetings. If the Executive Committee will discuss the approval of a contract, read it carefully ahead of time, have your questions ready. Read the minutes of the prior meeting before the next meeting, and have any recommended amendments ready.
- **Good Listening Skills** – appreciate the opinions of others, and respect their right to state their opinion.
- **Communication Skills** – When communicating either in speech or writing as an Executive Committee member, maintain a professional and courteous manner, and take the time to give a judiciously thought-through response.
- **A Healthy Respect for Your Fiduciary Responsibilities**
- **Your Good Ideas**, and the willingness to participate in a free exchange of ideas.

Ask participants to look at page 2-7 of their course books for the three things that can most easily interfere with good decisions and progress on an Executive Committee. Explain that most members do not bring this "extra baggage" to the Executive Committee meetings, but it is worthwhile to mention them as a healthy reminder of things best left behind when you enter a meeting.

Things to leave behind when serving on the Executive Committee:

Personality Conflicts. It would be unreasonable to expect that everyone you work with on the Committee would also be a close friend. Executive Committees often attract people with significantly different points of view. Some member's personalities may clash with yours, but it is important, especially during meetings to put aside personality conflicts and concentrate on the issues at hand, and making the right decisions for all of the owners.

Personal Interests. As non-Executive Committee member owner, you may vote on an issue in the General Assembly because it is in your personal interest. But as a Executive Committee member and a good fiduciary, you may no longer use this consideration as a priority when voting on issues. Instead, you must consider the best decision for the majority of owners, and base it on the needs of the association as a whole.

Preconceived Notions. Once in a while, a person may run for the Executive Committee because he/she feels uniquely qualified based on extensive experience. For example, an owner who works as the top maintenance supervisor for a property management firm may have great experience at all aspects of property management, and believes the condominium should be managed in a certain way. Certainly his vast knowledge of maintenance and repairs will be invaluable to the association, but he will need to keep an open mind on how decisions are reached, and how contracts are let. As we will learn throughout this training program, condominiums put great value on the opinions of owners regarding the level of services they want and how much they are willing to spend for them. Deciding these issues is handled through a democratic form of government consisting of the General Assembly and the Executive Committee. This, and competitive bidding for maintenance services constitute a very different kind of management from that which was previously experienced.

8. ***How The Executive Committee Conducts Business*** (15 minutes)

TRAINER'S NOTE: Use Flip chart here.

Explain that we will now look at the more formal process of conducting association business: the Executive Committee meetings, where the Committee discusses and votes on the policies procedures, rules, contracts, etc. on behalf of the association.

Ask participants to think back to Executive Committee meetings they attended which disappointed them. Ask for short descriptions of what would have made them better. Take as many as possible from the participants and list them on a flip chart. Look for such things as: meeting should have been shorter; don't allow too many people to participate; need some amount of parliamentary procedures to keep order; more preparation or information needed to make good decisions, keep political motivations out of decision-making; keep to the business at hand and don't sidetrack.

Ask participants to look at page 2-11 of their course book which is a sample agenda of an Executive Committee meeting. Ask participants what this agenda tells us about the Executive Committee's efforts to have efficient and productive meetings. Look for answers such as:

- Time is budgeted for each item, and even if some topics take longer, this keeps meetings to a reasonable length.
- With Open Forum owners are given time to speak, but then the Executive Committee may conduct business without interruption.
- Minutes of last months meeting are reviewed so everyone is kept up to date.
- Management issues are discussed based on materials the board received and read ahead of time and is now prepared to discuss.

- The fact that an agenda is used helps keeps things on track.

Mention that more information regarding three Executive Committee meeting issues are addressed in more detail in their course books: (1) Holding Open Executive Committee Meetings for All Owners; (2) Keeping the Minutes; and (3) Parliamentary Procedures.

9. ***Conducting Annual Meetings of the General Assembly and Conducting Elections (20 minutes)***

Explain that the other formal process for conducting association business is the meeting of the General Assembly, which is held at a minimum, annually, and typically includes Executive Committee Elections.

Point out the things which we learned about Executive Committee meetings that also apply to the Annual Meeting of the General Assembly: keep minutes, use parliamentary procedures, use an agenda; to name a few. Mention that there are Association Agreement requirements about how Annual Meetings should be held. Ask participants to name some requirements in their condominium's Association Agreement.

Ask participants to look at page 2-14 of their course books to become familiar with some requirements found in most condominium Association Agreements regarding Annual Meetings.

Conducting the Election

Point out that the most important right condominium owners have is to elect their representatives. Great care should be taken to ensure that this process is above reproach.

Explain that pages 15-17 of their course book contain some practical steps to take in planning for the Election, as well as sample notices, proxies and ballots. This information is provided for reference. But point out the key things to

remember which will help make the Election process a system owners feel they can have faith in: (OH #2-9)

OH #2-9

Begin the process early – educate owners about the responsibilities of serving.

Establish an Election Committee made up of non-Executive Committee member volunteers – The Executive Committee should distance itself from the Election Process as much as possible to prevent any perceptions of conflict of interest.

Establish procedures which will ensure that individual votes are private, and that the election results can be proven to have been calculated fairly. Publish the election procedures and allow owners to comment on them before the Executive Committee adopts them.

Answer any final questions and end the session.

OH #2-1

Please introduce yourself by sharing:

- **Your name**
- **Whether you are a current Executive Committee member or a prospective member;**
- **What motivates you to be a Committee member**
- **What is the most important thing you hope this course will help you with.**

OH #2-2

OVERALL COURSE OBJECTIVES

Clearly define the role of Executive Committee members in a Condominium Owners' Association

Identify all components of property management which an Association needs to address

For each property management effort, provide Executive Committee members with the tools and steps necessary to perform the function at a high level

Demonstrate techniques for good working methods, use of volunteers, communications, and organizational skills to help your Executive Committee do the best possible job of managing the property.

OH #2-3

Session Objectives:

- Identify the powers and duties of the Executive Committees as defined by an association's governing documents.
- Learn Executive Committee requirements to apply the general principles of fiduciary responsibilities, and using good business judgement.
- Learn what skills to bring with you when you serve on an Executive Committee; and what things should be left behind!
- Identify tasks which owner volunteers or committees may perform to assist the Executive Committee.
- Review effective methods used by associations to conduct business in Executive Committee meetings, General Assemblies, and other meetings.

OH #2-4

For this function of a condominium owners' association, identify

1. The possible reasons that the Association Agreement requires that this function be performed only by vote of the General Assembly
2. As an owner what do you see as the advantages to you for the General Assembly retaining this function?

Be ready to discuss your answers with the larger group. You have 10 minutes to discuss this.

OH #2-5

**Duties of the General Assembly which may not be delegated
to the Executive Committee:**

Amend the Association Agreement

Approve and modify Bylaws and other internal regulations

Elect the members of the Executive Committee

Approve annual reports of the Executive Committee

Approve the annual financial statement of the Association

Approve hiring a professional management firm

OH #2-6

A condominium may include a large number of owners, and

- Its not feasible for all owners to gather each time an item such as the cleaning schedule for the janitor or how to make a repair must be decided.**
- Its not likely a quorum of owners could be gathered quickly enough to get decisions made in a timely fashion.**
- It would be difficult and costly to distribute quickly to all owners the background information needed to make an educated decision.**

OH #2-7

- 1. Select the top two responsibilities which you believe to be the two most important that the Executive Committee has to the owners. Mark the two with a checkmark ("✓").**
- 2. Select two responsibilities from the list with which you either have some related experience or qualifications, or which you are most interested in, and would be willing to learn. Mark these two with an ("x").**

You have 5 minutes to complete this. Be prepared to share your selections with others.

HANDOUT #1

EXECUTIVE COMMITTEE RESPONSIBILITIES, AND SOME OF THE TASKS COMMITTEE MEMBERS MAY PERFORM DAY-TO-DAY IN THE ROLES:

- **Maintain, repair and replace all General Common Elements and any Limited Common Elements which are required to be maintained by the Association**
(Make building inspections to learn condition of building and equipment; identify needed repairs; work with contractors and/or the management company to get quality maintenance and repairs made; help develop specifications and contracts).
- **Develop and implement effective financial procedures and record-keeping to provide a system of checks and balances, protect association funds, assure accurate historical financial information, and create the mechanism for monitoring financial performance.**
(Become informed about any government financial reporting requirements; set up and maintain records of all financial operations, monitor collection of fees and recommend policy for collecting delinquent fees; learn how the condominium budget process works).
- **Develop, approve and enforce reasonable rules and regulations as needed to promote a safe, and peaceful environment for residents.**
(Need someone who can assess the reasonableness of proposed rules, determine whether it is needed to ensure a safe, clean and peaceful environment, and can write a draft of the rule for the Executive Committee and owners to consider).
- **Develop and approve administrative policies and procedures to put into place the plan, systems and controls to make each element of management of the property successful.**
(Help put into written form policies and procedures adopted by the Executive Committee, such as a job description for an employee, procedures for adopting new rules, delinquent collection policies, etc.).
- **Oversee the hiring and supervision of employees and contractors serving the community.**
(Learn how to find good employees and/or contractors. Be a good communicator and work with them after hired to have a successful business relationship).
- **Maintain an informed stance on all state and local legislation affecting condominium associations.**
(Learn where to look to keep abreast of changing legislation. Be an avid reader and keep the rest of the Executive Committee informed of changes).
- **Communicate effectively with owners.**
(Be sensitive to the owners' rights to be kept informed and to be heard on important topics. May help develop a newsletter, notices sent to owners, individual correspondence, owner questionnaires, etc.).

OH #2-8

1. Compare responsibilities each Executive Committee member checkmarked ("✓ ") and see if there is a general consensus on your "Committee" regarding what they feel their top responsibilities are *to the owners*.

REMINDER: THERE ARE NO RIGHT AND WRONG ANSWERS HERE. SOME EXECUTIVE COMMITTEES BENEFIT BECAUSE EACH MEMBER IS AN ADVOCATE FOR DIFFERENT ISSUES.

2. Look at the ("X") marks to determine the collective experience and/or interests within your Executive Committee, and decide how the members can share in overseeing each of the responsibilities.

Be ready to report to the whole group what your Executive Committee's findings are.

You have 20 minutes.

HANDOUT #2

Fiduciary responsibility pertains to a position of trust and confidence.

It has legal stature – a person who has agreed to act as an Executive Committee member and fails to exercise fiduciary responsibility to the owners is legally vulnerable. The legality is defined from the election to the Executive Committee. Members who accept the position are entrusted with the care, protection and use of someone else's money and property.

Executive Committee members may not allow the assets of the association to deteriorate. Assets may not be unduly exposed to abuse, theft, or misuse.

Executive Committee members may not speculate, experiment, or take risks with association assets.

Executive Committee members should act with absolute honesty in communications to owners of the property in their trust.

Executive Committee members decisions should be arrived at on a *reasonable* basis by first conducting research, examination of alternatives, assessing risks, and obtaining cost comparison information. Making decisions on this basis means that the Executive Committee used good business judgment.

HANDOUT #3

The most valuable attributes Executive Committee members can bring to their association are:

- **Dependability** – Be an Executive Committee member who can be counted on to come to meetings, and follow through on commitments made
- **The Ability to Do Your Homework** – Be prepared for meetings. If the Executive Committee will discuss the approval of a contract, read it carefully ahead of time, have your questions ready. Read the minutes of the prior meeting before the next meeting, and have any recommended amendments ready.
- **Good Listening Skills** – appreciate the opinions of others, and respect their right to state their opinion.
- **Communication Skills** – When communicating either in speech or writing as an Executive Committee member, maintain a professional and courteous manner, and take the time to give a judiciously thought-through response.
- **A Healthy Respect for Your Fiduciary Responsibilities**
- **Your Good Ideas**, and the willingness to participate in a free exchange of ideas.

OH #2-9

Begin the process early – educate owners about the responsibilities of serving.

Establish an Election Committee made up of non-Executive Committee member volunteers – The Executive Committee should distance itself from the Election Process as much as possible to prevent any perceptions of conflict of interest.

Establish procedures which will ensure that individual votes are private, and that the election results can be proven to have been calculated fairly. Publish the election procedures and allow owners to comment on them before the Executive Committee adopts them.

Session 3
Managing the Property:
The Elements and the Options

Time: 1 hour, 30 minutes

Getting Started (15 minutes)

Welcome participants, and explain that the purpose of this session is to (1) provide a clear understanding of the *elements* associated with property management which make it *distinctly different* from the kind of management people have been accustomed to; and (2) to demonstrate to Executive Committees how their faithful adherence to the property management philosophy will speed up the evolution of their building's residential units into a better place to live today; and a valuable asset tomorrow.

Review the session objectives; OH #3-1.

OH #3-1

SESSION OBJECTIVES

- Learn the unique elements inherent in association property management – its much more than just maintenance!
- Learn to recognize the earmarks of a higher standard of care which is a trademark of association property management
- Explore the options for obtaining the best possible property management program for your association.

Explain that, before discussing the elements and options of property management, it is important to define the term management. This term is often confused with the term "maintenance", but the two are very different functions.

Say that the definition of the word "manage" is to *direct, control, or handle*.

Explain that whether an owners' association is being self-managed by the Executive Committee, managed by a property management firm, or a hired on-site manager employed by the association, the job of management is to be a general overseer, directing, and monitoring the progress of numerous association efforts, always in accordance with the policies set by the Executive Committee, to get the best possible results. Explain that it is a job of coordination and leadership.

Tell the participants to turn to the "Contents" page of their course books, and point out that the easiest way to understand what the "association efforts" are, is to look at the titles of sessions 4-10. These are the "efforts," the different components of association property management.

Point out that this does not mean that the person(s) doing the managing must perform all the actual physical or mental labor required, although sometimes special skills in one area or another come in handy. Rather, their job is to have a **general understanding of what is needed in each effort, and to keep the energies of individuals and contractors channeled toward achieving the association's desired results.**

TRAINER'S NOTE: Have both handouts ready here.

Distribute Handout #1. Point out that this chart shows the distinct difference between "management" and "maintenance." Management directs operations; maintenance is one of the operations, one of the many efforts.

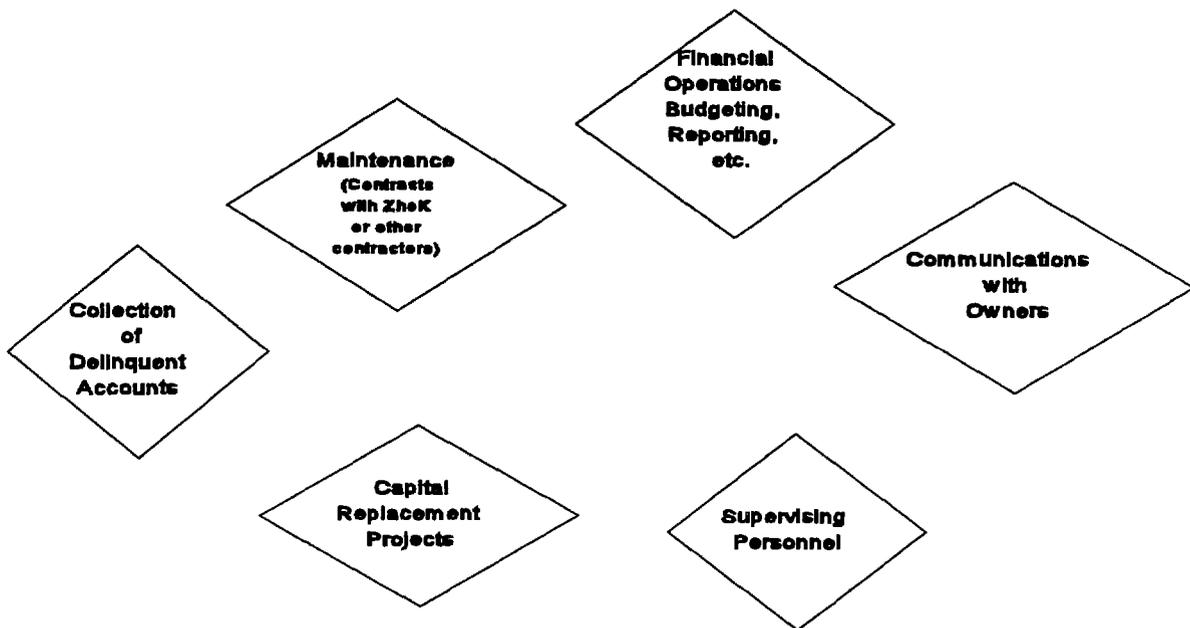
Handout #1

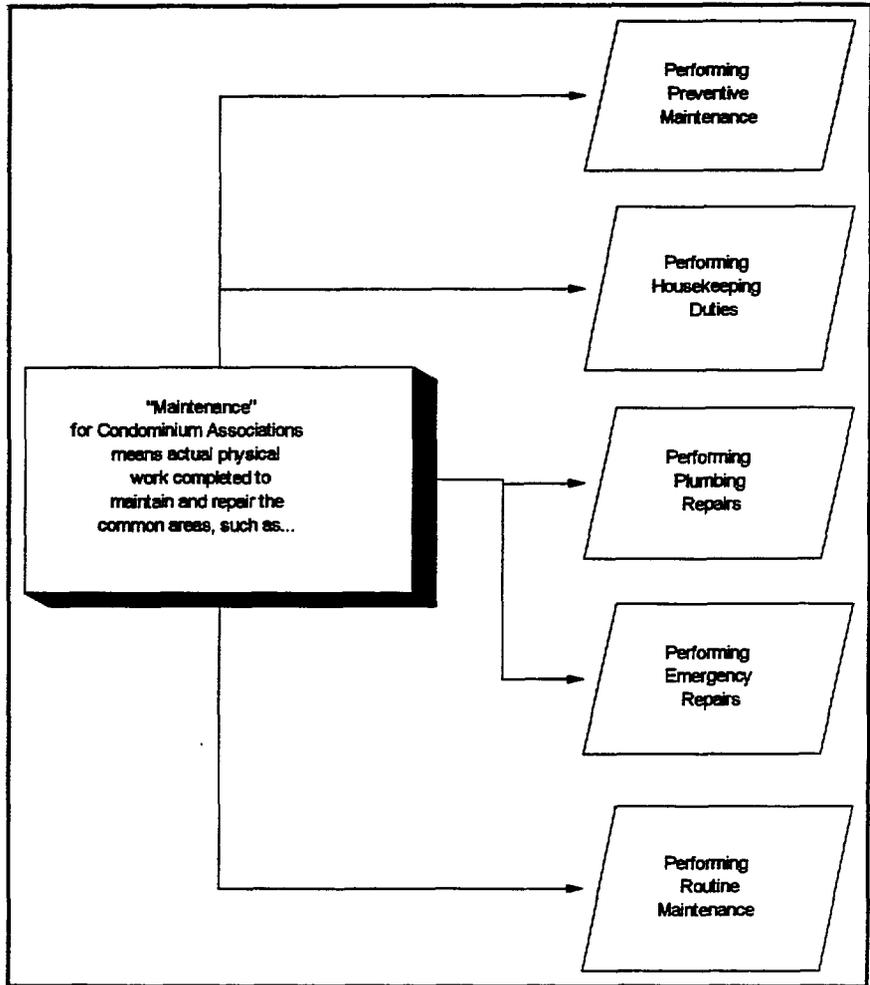
"Management"
means to direct, control, or handle the different efforts
in a Condominium Association.

It means overseeing each effort
to the extent necessary to make it successful.

Some associations may decide to "self-manage" and the Exec. Comm. would perform
management functions, possibly with the help of additional
volunteers from the building who serve on committees.
Others will hire an individual to be the on-site manager.

These are some
of the different
efforts which need
to be managed:





Now have participants look at Handout #2. Explain one helpful way to distinguish Maintenance from Management is to think of Maintenance as the *actual physical work performed* to maintain and repair the common areas.

Handout #2

Take any questions, to make sure participants understand the difference.

Exercise and Group Discussion (30 minutes)

Explain that you would now like participants to reflect back to the state of residential property management and maintenance services in their building before private ownership of flats and the movement toward a market economy.

Explain that the purpose of this exercise is to develop a fair representation of the overall property management service they were previously familiar with from their perspective as residents of buildings.

Distribute Handout #3 and explain that their answers are intended to give a general sense of the level of a resident's awareness and input into the structure and systems used to maintain the building they live in. Ask each participant to spend 10 minutes answering the questions. Brief answers are all that are needed. Ask participants to be prepared to share their answers with the group.

Handout #3

From your personal perspective as a resident living in a municipally owned and managed building, answer the following questions about how the management of the building worked, based on your observations, and any interaction you had with the management company related to cleanliness of the building, needed repairs and maintenance, response to your requests for service, communal services, etc.

1. Who had significant input and authority to decide what would be included in the housekeeping service, and what level of cleanliness was an acceptable standard?

2. Describe any system you were aware of which monitored the use of budgeted funds to obtain the best service and quality in maintenance and repairs?

3. What mechanisms were you aware of, if any, for making changes in management or maintenance if service was of poor quality?

4. How were residents kept informed and given a voice in matters which affected the service or maintenance in their building?

5. Could you tell what system was used to monitor the quality of work performed?

6. Were you aware of whether property management and maintenance decision-makers were accountable to anyone?

7. From your perspective as a resident, Could you describe what you believed what the main goals of management and maintenance were for your building?

Add any additional information here: _____

After the time has elapsed and most people are finished answering the questions, read aloud each question one at a time and ask for two volunteers for each question to share their answers.

TRAINER'S NOTE: Have flip chart available here. As participants share their answers, identify any predominant themes in their answers such as: residents were not aware of whether or how any good systems for management and maintenance were developed; or the lack of opportunity for residents to have any input into these matters. Summarize any recurring themes on the flip chart.

Now, give participants Handout #4, and explain that this handout has the same questions, but includes the likely answers a resident in an owners' association would give if asked.

These would be typical answers resident/owners would probably give to the same questions if they lived in an "up and running" owners' association:

1. Who has significant input and authority to decide what would be included in the housekeeping service, and what level of cleanliness was an acceptable standard?
The Executive Committee developed housekeeping standards and received input from the owners in developing them. Then, written procedures were approved by the Committee, and the cleaning personnel follow the procedures.
2. Describe any system you are aware of which monitored the use of budgeted funds to obtain the best service and quality in maintenance and repairs?
Our Executive Committee President has the responsibilities of an on-site manager, and she keeps a close eye on any ongoing work in the building to make sure it is being done up to the standards which were set. Also, all maintenance and repair work is done based on a written contract so the worker knows what we expect, and we only pay the contractor upon successful completion of the work. Also, our association prepares a monthly report which compares what was actually spent to what was budgeted for each line item, so we can monitor expenses closely.
3. What mechanisms are you aware of, if any, for making changes in management or maintenance if service is of poor quality?
Our association agreement gives the general assembly authority to change management. Regarding maintenance, we use a written contract with any maintenance organization we hire, and the contract has a clause in it that allows either party to terminate the contract with or without cause, by giving thirty days notice.
4. How are residents kept informed and given a voice in matters which affect the service or maintenance in their building?
1. We are invited to Executive Committee meetings and we can voice our opinions. 2. We are always entitled to review any contracts or other documents related to association business. 3. The Executive Committee sends owner surveys to get our opinion on the big issues. 4. We are developing a newsletter for our building.
5. Can you tell what system is used to monitor the quality of work performed?
The most obvious one is the inspections. Our Executive Committee President inspects the property on a very regular basis. We also have some resident volunteers who get involved in special repair projects where they have experience. They help the Committee by writing up specifications for the work and monitoring the work in progress when the Committee requests this.
6. Are you aware of whether property management and maintenance decision-makers are accountable to anyone?
We elected the Executive Committee to be responsible for seeing to it that things are well managed and well maintained. Any maintenance or management operations must be accountable to the Committee. The Committee is held accountable to all the association owners, who have the right to vote to change the Committee.
7. From your perspective as a resident, Could you describe what you believed what the main goals of management and maintenance are for your building?
(1) To improve living conditions, and to do so in the most affordable way possible for the owners. To protect the value of the condominium property and hopefully make our condominium an asset which will increase in value in the future.

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Give participants a few minutes to compare the owners' association resident's answers to their own answers. Point out the three clear issues that emerge in a condominium association resident's answers: (1) They know of a system in place; how their money is being spent, and how things work in their association; (2) They have taken responsibility for management and maintenance through their elected board; (3) They have exercised freedom of choice.

Group Discussion (15 minutes)

Explain that private ownership of apartments is still a fairly new concept in Slovakia. Owners are only just now beginning to get a sense of the long-range positive impact that owners' association property management can have on their lives. Of course there are hurdles and obstacles facing new Executive Committees. But associations learn to tackle their challenges by "chipping away" at problems one at a time.

Point to the three powerful ingredients which fuel the good ideas and creative solutions of the owners. They are:

Show OH #3-2

OH #3-2

<p>Having a Voice in Decisions</p> <p>Taking Responsibility</p> <p>Exercising Freedom of Choice</p>

TRAINER'S NOTE: Leave overhead on to refer to it.

Distribute Handout #5. Explain that this handout contains the characteristics which are often associated with the operations of a condominium association. Ask participants to look at these characteristics and see how the "ingredients" from the overhead play a key role in the makeup of a condominium association.

Go through the list in this handout and ask volunteers to identify how the three items on the overhead relate to items on the list.

Handout #5

Elements Inherent in Condominium Association Management

- Is progressive and forward thinking, does not limit itself to doing things the way they have always been done in the past.
- Strives not only for clean and well maintained common areas, but also to develop community spirit and address quality of life issues.
- Implements management procedures developed by owners through a representative form of self government
- Is directed by elected association leadership who serve *constituents*; real estate owners who have entrusted them with the care of their jointly owned property.
- Puts an appropriate burden of responsibility on owners to contribute their fair share toward maintaining and respecting the property through budget development, assessment collection and rules development and enforcement.
- Includes systems for monitoring service and quality of all management functions.
- Includes the mechanism for owners to vote to change management if not satisfied.
- Places a high value on the individual owner's right to be informed and be treated fairly, using good communications and due process.
- Sets goals for quality maintenance which includes prompt, courteous service to residents.
- Standards for care and upkeep are based on the desires of unit owners
- Keeps an open mind to all options; uses competitive bidding, always with the goals of obtaining the best possible service at an affordable price.

Reading and Group Discussion (15 minutes)

Explain that another distinguishing element of association management is a higher standard of care. This higher standard is set into motion by each Executive Committee action if the Committee follows fiduciary guidelines. To put it simply: When given responsibility for someone else's property, take extra care in decision-making. Distribute Handout #6 and ask participants to read the scenario, and consider the question at the end. Explain that after everyone has read it, we will discuss the answer to the question.

Handout #6

Have you ever had renovations or repairs completed in your home by a relative or friend? Perhaps the work is done for pay, or perhaps for free in the name of friendship or family. But whether or not payment was involved, you probably made a casual verbal agreement and didn't investigate other contractors, which is typical in this situation. If all goes well, you probably saved some money. Of course, some risk is involved in making casual agreements and in hiring family or friends. For example, if you aren't satisfied with the work, you may end up spending extra to re-do the job, or you may have to live with the unsatisfactory results. It can be difficult to criticize the work of friends or family (or worse, your spouse's family!) But these are risks you have the right to take because it only affects your home; no one else's property, money or quality of life is involved.

All that changes when you become an Executive Committee member and a fiduciary. Higher standards must be used when your decision will affect *someone else's property*.

Whereas things were handled more casually when having renovations done to your unit, we learn that the Executive Committee job is not a casual role. It has legal stature by virtue of being elected representatives. Committee members who remain faithful to their duties as fiduciaries always use the higher standards for decision making. They include:

- > using the test of good business judgment
- > avoiding conflicts of interest
- > doing research and considering options before making decisions
- > avoiding risks.

QUESTION: If, instead, this story had been about an Executive Committee making renovations to a condominium's common areas, what would they have done differently?

TRAINER'S NOTE: Use flip chart here.

After everyone has finished reading, ask for volunteers, and list on a

flip chart the actions an Executive Committee would take, using a higher standard of care. The list should include:

- The Committee would draw up written specifications
- The Committee would consider two or three different contractors
- The Committee would enter into a written contract to have the work done.
- The Committee would not hire a relative or friend unless it was disclosed to the owners ahead of time, and the relative/friend's bid compared favorably in all respects to make it the best choice. Even then, a contract would be used.

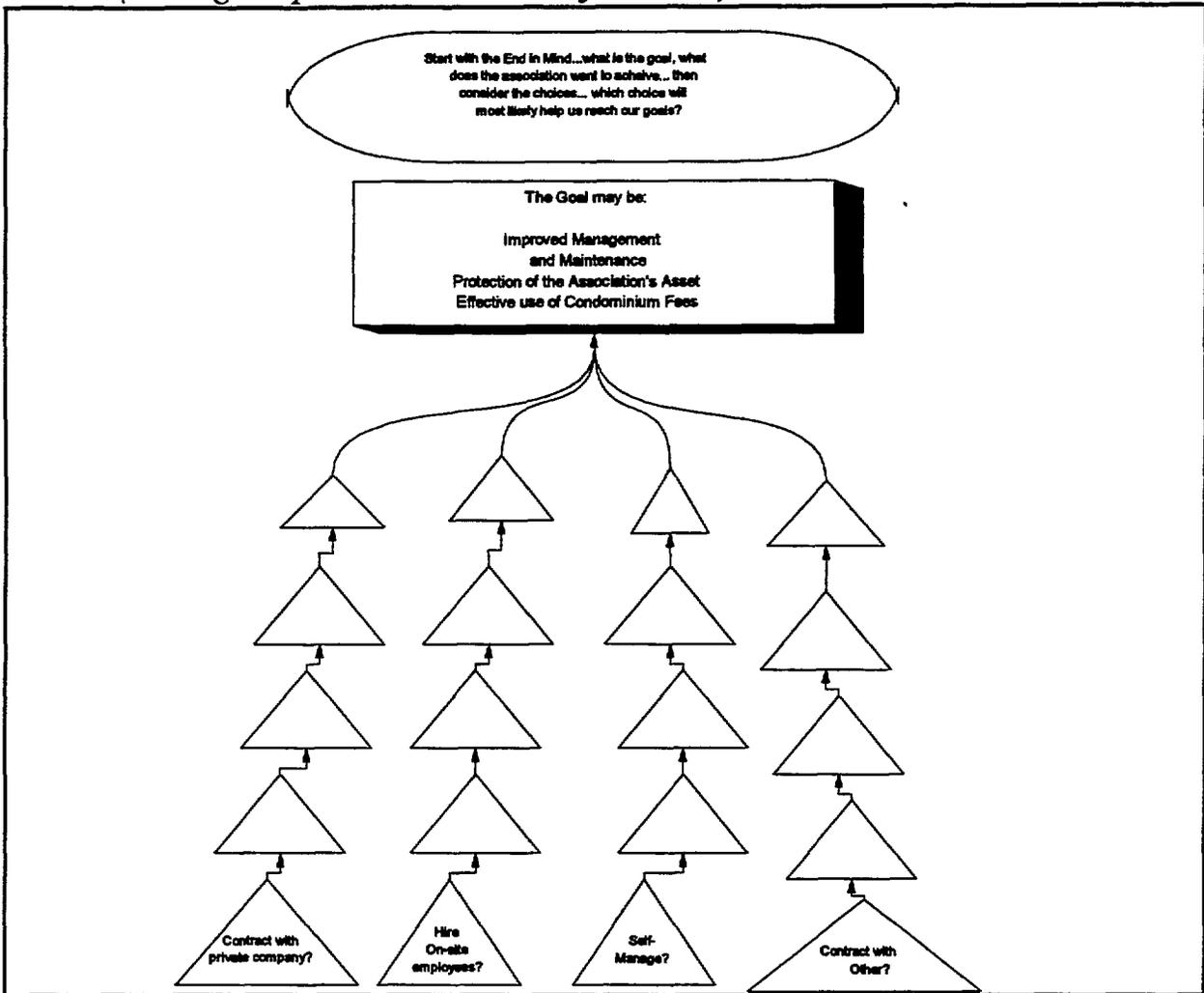
Ask for questions to make sure everyone understands the concept of a higher standard of care.

Short Lecture and Wrap up (15 minutes)

Explain that another important concept in addition to setting higher standards, is the use of Results-Driven Management.

The Executive Committee uses this concept simply by "beginning with the end in mind." Explain that for every effort, Executive Committees set their sights on the goal first. They decide what they want to achieve, and then how to get it done. They don't take their eyes off the goals, and they use their freedom of choice to find the best path towards the goals. Show OH #3-3 to illustrate this.

OH #3-3(See larger duplicate version at end of document)



Explain that today's Slovak owners' association Executive Committees exercise their right to choose and keep their options open when it comes to management and maintenance services. How do they do this?

Some associations in newly privatized buildings start by entering into a new contractual relationship with the former management company which requires the company to produce the results the association seeks, including better housekeeping, more responsive service to owners requests, and a higher standard of maintenance. Then, if the company does not perform adequately, associations seek those who can provide better service, and in the absence of management *companies*, they find and hire *individuals* who will work as on-site property managers, and can provide these services

with attentive and personalized management. This on-site property manager is an employee of the association, and works at the property full-time, supported by other employees, contractors, and board volunteers. Sometimes, two separate associations will "share" a good manager by entering into an arrangement where he splits his time between the two properties.

Explain to participants that this is a viable management option many Slovak owners' associations are choosing, and point out that a sample of a typical job description for an on-site property manager is enclosed at the end of this session in their course book. Also point out that an organization chart is also attached to show them where a property manager would fit into the picture.

Mention that there are other options. In another form of self management, the Executive Committee acts as the on-site property manager, using a combination of people and services to get the different management jobs done. Have participants turn to the checklist at the end of this session in their course books, and point out the different possibilities which can be considered for each task in an association.

Point out that the overriding message of this session is not which type of management is best for your association, but to exercise your right to choose, and to keep an open mind to the options, always keeping the end, the results you want, as your motivating factor. Take any questions and end the session.

Property Manager's Job Description

a. Duties and Responsibilities

The Property Manager is responsible for the on-site general administration and physical operations of the property. The Property Manager will provide direction to the on-site staff, and assure that the management program is properly executed. The Property Manager will be responsible for the effective operation and cleanliness of the buildings; for ensuring performance of established preventive maintenance programs of the buildings and equipment; for the hiring, training, and supervision of qualified, competent personnel; and for the establishment of excellent relations with residents.

The Property Manager reports to and answers to the Executive Committee. The Property Manager is authorized to operate within the confines of the approved budget.

B. Staff Supervision

1. Responsible for all job assignments, explanation of employee duties and performance; informing and educating operating staff on policies and procedures.
2. Periodically review employee performance, conduct periodic employee critiques, and schedule training programs as needed.

C. Facilities Inspection

1. Conduct weekly inspections and submit a written report of the buildings and grounds, noting any property deficiencies, physical appearance of the property, and deferred maintenance.
2. Inform the Executive Committee of observed deferred maintenance and property deficiencies in writing, noting specific locations, conditions, and recommendations for corrective measures.
3. Inspect mechanical areas of buildings with particular emphasis on the proper performance of maintenance,

to ensure the success of the preventive maintenance program.

4. Conduct daily inspections of the common areas of the buildings and the grounds, and know work in progress areas.

D. Vendor Contractor

1. Be responsible for the responsiveness of vendors and contractors providing services to the property and report any problems to the Executive Committee.
2. Purchase the necessary supplies and replacement items required for property operations and buildings maintenance.
3. Supervise appropriate receipt and purchasing records.
4. Approve all purchases under _____ (Slovak Crowns).

E. Public Relations

1. Issue move-in or welcome packages to all new residents (e.g., rules and regulations, bus routes, school locations, church locations, current data sheet of the Executive Committee, etc.).
2. Be responsible for the proper flow of suggestions, grievances and inquiries to the Executive Committee.
3. Utilize all possible communication outlets to keep residents informed as to developments within the property. This would include such things as: (1) utilizing a bulletin board; (2) writing letters to individual residents and/or owners, whether individually and collectively; (3) contacting all new residents within seven days of move-in; and (4) assisting the communications committee in preparation of monthly newsletter.

F. Administration – Record Keeping and Correspondence

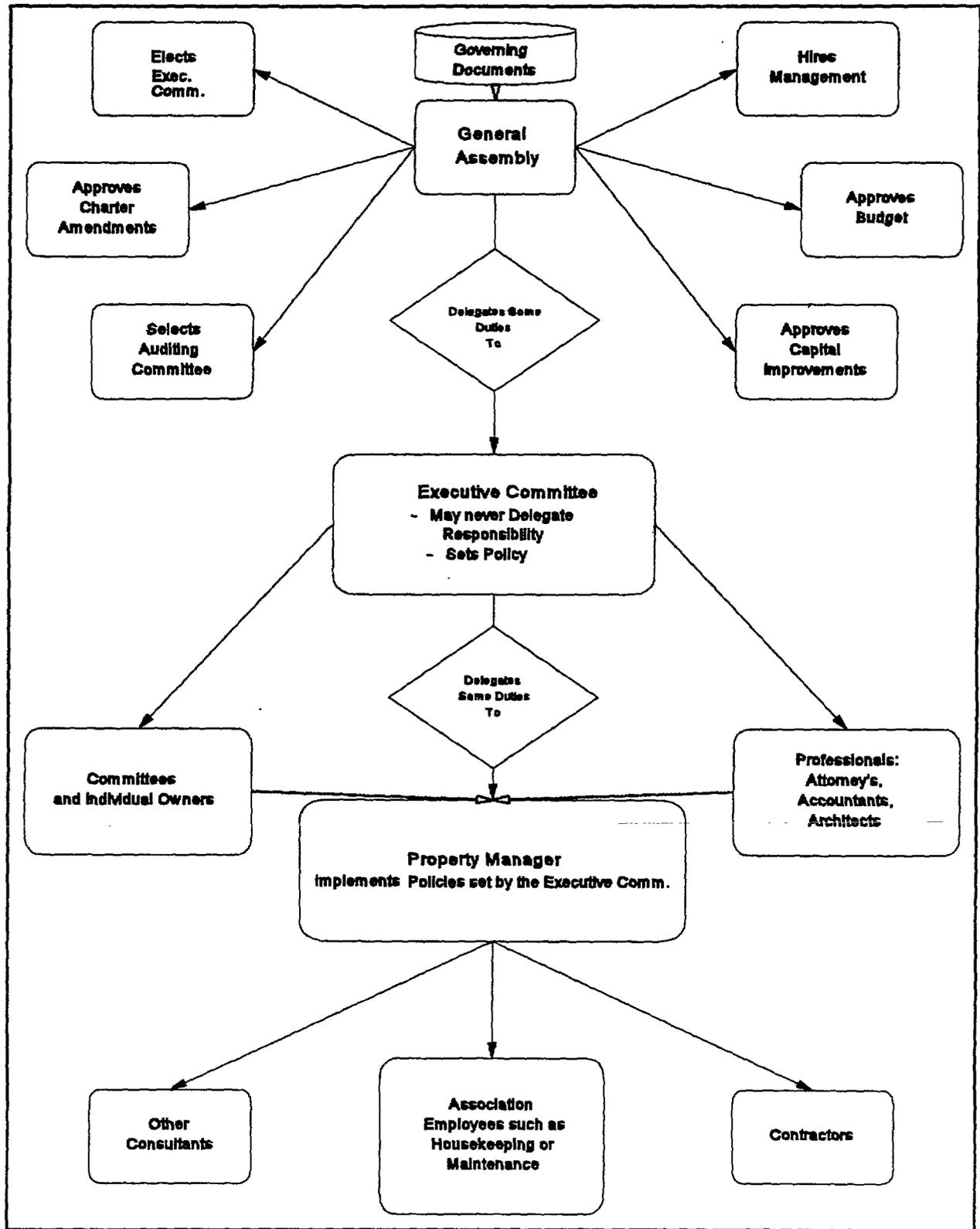
1. Prepare and submit accurate and complete essential reports, various data-input forms, and other required correspondence.
2. Monitor all maintenance records to ensure proper documentation of all maintenance and preventive maintenance work accomplished. Ensure the proper scheduling of all required preventive maintenance.
3. Key control is the responsibility of the Property Manager. The Manager must maintain a key control system which would provide for the proper security and accessibility of keys. One critical part of this control is the key sign out register.
4. Prepare a monthly management report for the Executive Committee which should include, but not be limited to, the following categories:
 - a. Financial
 - b. Administration
 - c. Contracts
 - d. Maintenance
 - e. Personnel
 - f. Legal
5. Prepare and verify time records of all employees for payroll.
6. Organize all office operations.

G. Service to Individual Residents

All service to residents must, without exception, be based on the following priorities:

1. Emergency requests always come first. All other requests are based on a first-in, first-out system.
2. Each request should be handled individually based upon the substance of the complaint or request.

3. At no time, should any Manager allow himself to react to the personality of the person instead of the merits of the complaint or the request.



**CHECKLIST FOR
CONSIDERING THE OPTIONS
MANAGEMENT AND MAINTENANCE TASKS
IN A CONDOMINIUM ASSOCIATION**

ACTIVITY	RESPONSIBILITY						
	Board Members	Other Owner Volunteers (Individuals or Committee)	Management Firm	Use Contractor Not	Hired On-site Employee	Attorney	Audit Committee Independent Accountant
FISCAL							
Assessment Collection							
Delinquency Follow-up							
Lien Filings							
Foreclosure Proceedings							
Invoice Approval							
Invoice Payment							
Payroll Accounting for On-Site Personnel							
Financial Report Preparation							
Tax Return Preparation							
Year-end Financial Report							
Year-end Audit							
Budget Preparation							
Reserve Analysis (Long-range planning)							
Other							
ADMINISTRATIVE/CLERICAL							
Executive Committee Meeting Attendance							
Special Meeting Attendance							
Annual Meeting Attendance							
Minute Transcription, Committee and Annual Meetings							
Annual Meeting and Election Coordination							
Resident Roster Maintenance							
Records and Files Maintenance							
New Resident Orientation							
Newsletter: a) Editing							
b) Typing							
c) Distribution							
Special Mailings							
Special Photocopying							
Specification/Bid Preparation and Coordination							
Contract Awarding							
Yearly Management Plan							
Monthly Assoc. Status Report							
Standard Operating Procedures Reviews							
Periodic Inventory of Assn. Property							
Legal (Attorney) Liaison							

ACTIVITY	RESPONSIBILITY						
	Board Members	Other Owner Volunteers (Individuals or Committee)	Management Firm	Use Contractor	Hired On-site Employee	Attorney	Audit Committee
Municipality Liaison							
After-hour Answering and Emergency Asst. Service							
Work Orders: Recording and Processing							
Rules and Regulations Enforcement							
General Correspondence							
Hiring/Firing/Supervision of On-site Personnel							
Other:							
BUILDING MAINTENANCE							
Janitorial							
Plumbing, painting							
Minor repairs/maintenance							
Inspection of outside contractor performance							
Periodic building/amenity inspection and report							
Other:							
GROUNDS MAINTENANCE							
Landscape Maintenance							
Street and Walk Sweep.							
Trash Collection							
Snow Removal							
Inspection of outside Contract performance							
Periodic Grounds Inspection and Report							
Other:							
MISCELLANEOUS							
Security Issues							
Information concerning Laws and Ordinances							
Other: _____							

OH #3-1

SESSION OBJECTIVES

- **Learn the unique elements inherent in association property management – its much more than just maintenance!**
- **Learn to recognize the earmarks of a higher standard of care which is a trademark of condominium management**
- **Explore the options for obtaining the best possible property management program for your association.**

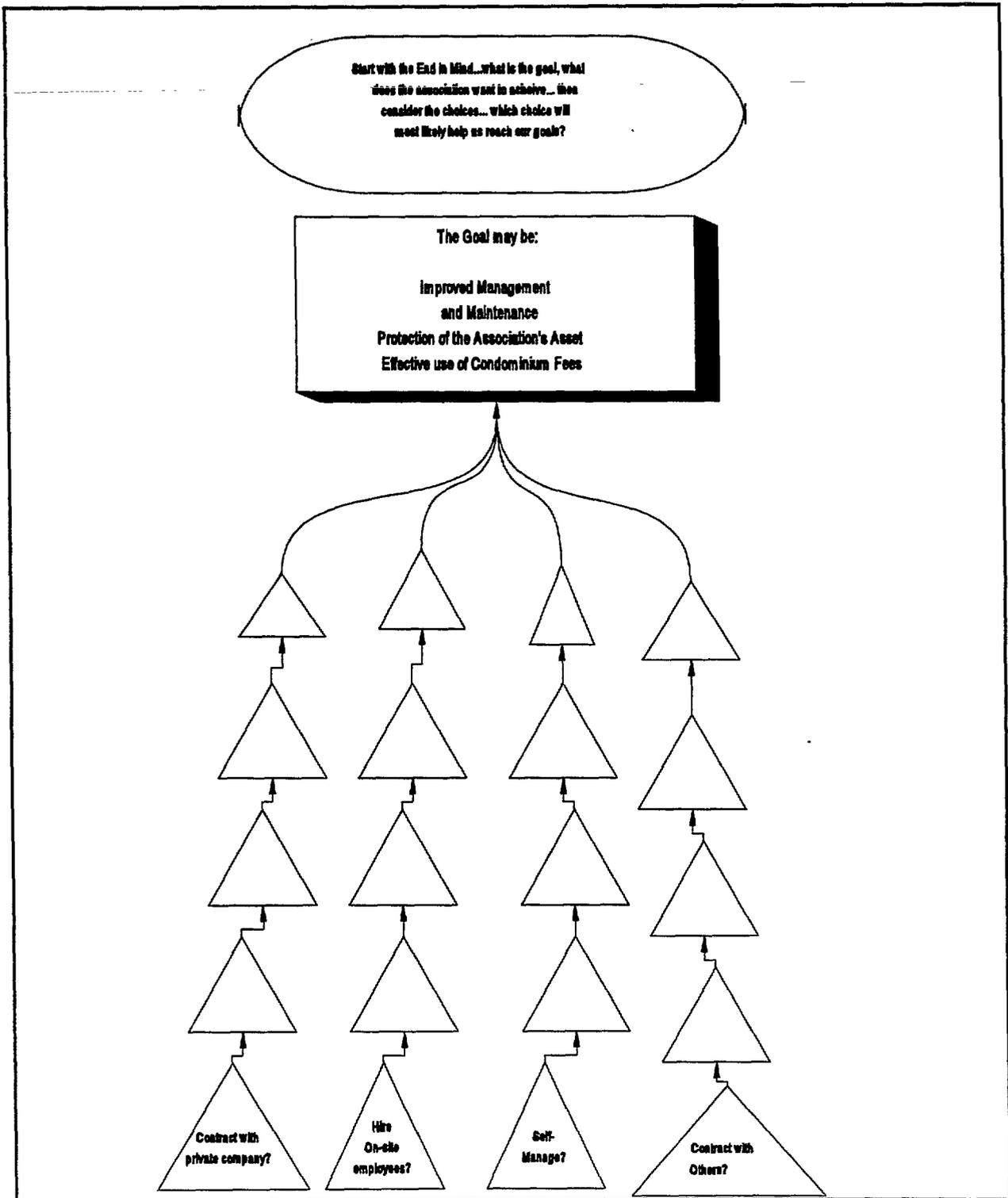
OH #3-2

Having a Voice in Decisions

Taking Responsibility

Exercising Freedom of Choice

OH #3-3



Session 4

Financial Management

Time: 2 hours, 25 minutes

GETTING STARTED (15 minutes)

1. Welcome participants back. Explain that the preparation of an association's operating and reserve budgets and developing and monitoring a comprehensive financial management system may be *the* most important responsibilities of an Executive Committee.

Review the session objectives (show OH #4-1).

OH #4-1

Session Objectives

- Learn the necessary steps for preparing the association's operating budget and consider the benefits of establishing a capital reserves budget.
- Learn what is included in an effective accounting system; the financial procedures and recordkeeping.
- Discuss the uses for periodic financial reporting documents.
- Learn to develop an assessment collection policy

Explain that the most important financial tool any association should begin with is the operating budget. Therefore, the operating budget procedures will be given the greatest emphasis in this session. This is not to minimize the importance of the other objectives listed above, which will be covered extensively in written materials provided herein.

Explain that many people may not immediately recognize what would be included in a "financial management system" for an association. Show participants the components of such a system (OH #4-2).

OH #4-2

A financial management system includes:

- A procedure for developing the association's operating and reserve budgets.
- Accounting systems, including hard copies of all records ledgers and books, or on computer files.
- Financial procedures, including a system of checks and balances.
- Financial reports.
- A system for addressing all tax issues.
- Assessment collection procedures.
- Policies for investing association funds.
- Periodic independent financial audits to evaluate the entire system for accuracy and appropriate procedures.

Tell participants that unlike all other training sessions in this course, this session will be taught in a more traditional lecture format (with many opportunities to ask questions) because the nature of the material is not conducive to the interactive activity and role-play format, and adequate time is needed to adequately cover each component of the financial management system.

Ask participants what do they think the key benefits would be if their association had in place and working all of these systems? Take a few answers, and review the benefits on OH #4-3.

OH #4-3

Key Benefits to implementing a comprehensive financial system:

- It provides assurance that accurate historical information is maintained.
- It provides a mechanism for monitoring financial performance.
- It provides a system for minimizing loss due to inadvertent error or theft.
- It helps the board successfully fulfill its role as fiduciary.
- It gives the owners peace of mind that their investment is being handled in a professional manner.

PREPARING AND APPROVING THE FINANCIAL PLAN
(1 hour, 10 minutes)

1. Explain that **the financial plan is the budget and all accompanying proposed financial actions**. Examples of these actions will be provided a little later. Explain that preparing a good financial plan can accomplish several results. Show OH #4-4.

OH #4-4

1. Portrays the objectives of the condominium membership in financial terms.
2. Reinforces owners' commitment to paying common charges.
3. Helps to obtain subsidies to which condominium owners are entitled.
4. Provides a basis for comparing results of condominium operations to the stated objectives of the members.

2. Explain that we will now look at establishing the process of preparing and approving the financial plan. The easiest way to do this may be to answer the questions surrounding the process.

TRAINER'S NOTE: Ask the participants each of the following questions, and give them a minute to volunteer answers before providing the answers.

Who is entitled to make comments on the financial plan and approve it by vote?

All owners of residential and commercial condominium units must be given a chance to comment on the financial plan. Remind the participants that they need to keep in mind who the owners are, because there may be different types of owners from those who own and reside in a unit. For example, if the municipality owns some units, a representative of the municipality has probably been designated to vote and otherwise represent the municipality's ownership interest. This person would be treated like any other owner and would be given notice of any meetings where owners would be allowed to comment on the financial plan.

Approval of the plan is the responsibility of the Executive Committee, but the major component of the plan, the budget, must be approved by a vote of the General Assembly of the association in accordance with current legislation, and the financial plan should not vary by more than 10% from the approved budget. Thus the unit owners ultimately have control of the financial plan.

What persons or entities do not have the right to vote on the budget?

- Residents and tenants living in residential units who are not owners of the units.
- Individuals or companies using or leasing commercial units who are not the owners of the commercial unit.

It should be mentioned that many non-owners who live in or lease units have a sincere interest in the operations of the association, and they may have valuable suggestions and comments to offer. Management and the Executive Committee should keep in mind that many of these people

have already shown an interest in the condominium community by virtue of living or working there, and they may become owners in the future.

Although non-owners may not be granted owner privileges, the Executive Committee and management should take the time to listen to residential and commercial tenants, in an informal setting, if they offer comments.

Who should prepare the financial plan?

Normally the financial plan is prepared by the Property Manager. If the association has contracted with a person, private company or a municipally-owned maintenance company to manage the property, they would prepare a financial plan and present it to the Executive Committee for review. If the association is managed by the Executive Committee itself (paid staff or volunteer), then a sub-committee of the Committee would prepare the financial plan and present it to the full Executive Committee.

The Executive Committee will analyze the proposed financial plan, recommend changes if necessary, then approve the financial plan.

At this point condominiums have taken two different approaches. In some condominiums the Executive Committee is required to present the entire financial plan to the general meeting of owners for approval. Other condominiums take the approach that the Executive Committee has the power to adopt the financial plan without approval of the owners.

There are arguments for both approaches.

Let us look at the pros and cons of each approach.

When the Executive Committee is given the authority to approve the financial plan:

Pros:

It will be a quicker process, if no General Assembly is needed. If the Executive Committee has worked hard to understand the results the owners want and is sensitive to owners' capacity and willingness to pay, then they do not really need to have the General Assembly approve the financial plan.

Cons:

Owners will not feel as involved, and this may affect their level of cooperation and support for the Executive Committee's and management's projects.

When the General Assembly is given the authority to approve the financial plan:

Pros:

If the Executive Committee and management know that their financial plan will be scrutinized by the General Assembly, there is a built-in incentive to do the best job possible.

The owners will feel involved in the process, which will promote cooperation and support of the Executive Committee's and management's projects.

Cons:

The approval process will take longer. Owners should be given a copy of the financial plan in advance, and then the General Assembly will need to be scheduled, announced and held.

Suggest that it is probably preferable at this stage in Slovakia to have the General Assembly of owners approve the proposed financial plan. (As owners become more familiar with the process and more confident of the Executive Committee's decision-making abilities, a decision could always be made in the future to transfer the approval process to the Executive Committee.)

Assuming the Executive Committee and management have worked hard to put together a reasonable plan, and have communicated often with the owners, some level of trust and confidence in the Committee has already been created, and the Committee need not fear a discussion of the financial plan at the General Assembly. Building a condominium democracy is going to be essential if there is to be support for improving the property, and this would be one good step in that direction.

**ESTABLISHING THE OBJECTIVES OF THE
CONDOMINIUM IN PREPARATION FOR DEVELOPING
THE FINANCIAL PLAN**

Collect Information from the Owners

Explain that an Executive Committee should first identify the desired results and then develop an approach to achieve the results. This is called strategic planning.

In order to know what the owners want, it is necessary to ask them, and listen to their answers. This could be done in a meeting, but it is preferable to survey them individually, since people may be influenced or intimidated by their neighbors when meeting together. The Property Manager can help create the survey questions with the Executive Committee. They should be delivered to each door and owners should be allowed to answer the survey anonymously, because they will be more honest in their opinions if their identity is unknown.

Ask participants to look at a sample of such a survey which is found on page of their course books. Give them a few minutes to look at it, and ask what other questions they would include on a survey of this type.

Sample Survey in Preparation for Preparing the Financial Plan

Dear Unit Owner:

It is once again time to develop the Association's operating budget and financial plan for the coming year. An important component of the budget process is to hear from the owners regarding what components of the condominium association property and/or operations you would most like to see improved, and what level of investment you would be willing to make to achieve the results you desire.

Please answer the following questions. You do not need to identify yourself in responding to this survey. We appreciate your cooperation.

The Executive Committee

1. What type of owner are you?

- Residential Commercial Other, please specify: _____

2. Do you occupy the unit or rent (lease) it to someone else?

- Occupy Rent (lease)

3. In the coming year, what are the most important results you want for your grounds (attached territories)? Please list them in order of importance.

Number One Result _____

Would you pay more to get this result?

- a lot more some more a little more no more

Number Two Result _____

Would you pay more to get this result?

- a lot more some more a little more no more

Number Three Result _____

Would you pay more to get this result?

- a lot more some more a little more no more

4. In the coming year, what are the most important results you want for your building common areas (this does not include your unit/flat)? Please list them in order of importance.

Number One Result _____

Would you pay more to get this result?

- a lot more some more a little more no more

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Number Two Result _____

Would you pay more to get this result?

- a lot more some more a little more no more

Number Three Result _____

Would you pay more to get this result?

- a lot more some more a little more no more

5. In the coming year, what are the most important results you want for your communal services (heat, hot water, garbage collection, etc.)? Please list them in order of importance.

Number One Result _____

Would you pay more to get this result?

- a lot more some more a little more no more

Number Two Result _____

Would you pay more to get this result?

- a lot more some more a little more no more

Number Three Result _____

Would you pay more to get this result?

- a lot more some more a little more no more

6. In the coming year, what are the most important results you want for this condominium? Please list them in order of importance.

Number One Result _____

Would you pay more to get this result?

- a lot more some more a little more no more

Number Two Result _____

Would you pay more to get this result?

- a lot more some more a little more no more

Number Three Result _____

Would you pay more to get this result?

- a lot more some more a little more no more

Please add any other comments or suggestions here:

Collect Information About the Building

Explain that if strategic planning is to succeed, it is critically important to document the *environment* for the desired results: it is essential to document the physical condition of the elements of the buildings and grounds. To do this, a survey of the property is conducted to establish a baseline. The baseline becomes the measure of what needs to be done and how well it is done. In other words:

A baseline is a document which presents, represents and identifies the existing components of the property and their condition.

Explain to participants that they have already learned the basics of preparing a baseline document. Have them recall the comprehensive baseline property inspection form from Session 5, "Facilities Maintenance." Take a minute, and have them turn to page 5-10 in their coursebooks of that session to look at the inspection checklist.

Point out that it is necessary to organize the information they will be collecting. One logical and common structure used by condominiums is as follows (show OH #4-5):

OH #4-5

Organizing Information Collected for a Baseline

Use six possible categories:

1. Grounds (includes turf, plantings, improvements to grounds such as paved areas, playgrounds, exterior furniture, etc.).
2. Building exteriors (including roofs, walls, windows, doors and foundations).
3. Building interior common areas (including public area heating, ventilation and any air conditioning systems, fire protection, communal service pipes, conduits and equipment, lighting, signage, plumbing, etc.).
4. Residential units owned by the association (if applicable).
5. Commercial units owned by the association (if applicable).
6. Any pipes, conduit or other equipment for communal services which pass through privately owned units but which serve other units and are maintained by the association.

Explain to participants that a baseline model would include the following information (show OH #4-6):

OH #4-6

Item Category	Type	Quantity	Estimated Age	Condition
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Explain that some critical decisions need to be made before the survey is done.

1. How many categories should be used? How detailed should the baseline be?

It is best to keep the baseline fairly simple, but each year or each time a repair or service is made to any component on the property, it should be added to the plan. Thus, for the example below, category "entry," in the beginning you might just have the following:

OH #4-7

Item Category	Type	Quantity	Estimated Age	Condition
Entry				
Entry Doors	Wood & Glass	1 double door	25.00	Replace
Steps	Concrete	2 square meters	25.00	Poor

However, if the condominium owners' association adds a security system and lighting and replaces the entry doors, the baseline model would be revised as follows:

OH #4-8

Item Category	Type	Quantity	Estimated Age	Condition
Entry				
Entry Doors	Steel & Glass	1 double door	1.00	Excellent
Steps	Concrete	2 square meters	25.00	Poor
Security System	Intercom	1	1.00	Excellent
Entry Light	Incandescent	1	1.00	Excellent

Point out to the participants that the baseline model will become quite detailed, notwithstanding the desire to keep it simple. Condominium associations must pick and choose categories appropriate for them and adopt a level of detail that works best for them.

Review with participants the answers to some important questions they may have in creating their condominium's baseline model.

TRAINER'S NOTE: Read the questions out loud and give participants a few moments to offer possible answers before giving them the answers.

2. How accurate should the quantities be?

It is generally a good rule that the quantity estimates for areas and lengths should be within 15% of actual. The more important or expensive the item is, the more accurate the estimates should be. For these, try to stay within 10%. For many items such as emergency lights or elevators, the count can be 100% accurate.

3. If I do not know the age of the equipment, what do I use?

You will have the age of the building from the technical information of the building, so, if you think an element has not been replaced since the time of construction, then you should use that age. Otherwise make the best estimate, or indicate "Not Available" or "Unknown."

4. Why do I need to know the age of the component?

The age can be a guideline to help estimate when you might have to replace the item based on the experience of others.

5. How can we agree on the condition?

This is an important question. If possible, there should be a common definition of the terminology for physical conditions to reduce the possibility for different persons to interpret the actual condition differently. There are two ways to agree on definitions. One way is to have a written definition with several examples. Here are sample definitions of "repair" and "replace":

Repair: To restore to a sound and acceptable state of operation and appearance which will last as long as a new item over the same period of time when compared with the annual cost of replacement.

Replace: To remove an existing item and to construct or install a similar, new item as the existing one, when the existing item cannot be repaired or it is financially uneconomic to make a repair.

Another way to agree on the condition is to have a group inspect the property together and negotiate by consensus the descriptions of the elements and their conditions.

6. What categories of conditions should I use?

Generally it is good to use about four and to define them. Here is a good example (show OH #4-9):

OH #4-9

<p>Replace: When a component cannot be repaired or it is uneconomical to make repairs.</p> <p>Poor: It needs a lot of repairs and is very close to needing to be replaced.</p> <p>Average: It needs some repairs</p> <p>Excellent: It is either new or needs no repairs.</p>
--

Break. 10 minutes.

Estimate the Cost of All Repairs and Replacements

Although this is a difficult task, if it is approached seriously, it will help the manager and the Executive Committee make the right financial planning decisions. After completing a comprehensive baseline model, the Committee and the manager will be ready to prepare an estimate of the cost for correcting the deficiencies of all components by estimating repair and replacement costs. There are basically two ways to estimate these repair and replacement costs:

1. Estimate the materials, labor skills, labor hours and equipment needed to make the repair or replacement.
2. Secure a quotation from a private contractor.

Prioritize the Repairs and Replacements

You should get input from three areas which will help you set priorities:

1. From the Owner Survey, and the input of the manager and Executive Committee, there will be a list of desired results in some order of importance.
2. From the Baseline Model, there will be a list of deficiencies which stand in the path of securing the desired results. Most of these can be matched up with the lists of desired results.
3. The cost estimates will help you prioritize, particularly if the association does not have sufficient funds to achieve some of the desired results.

Estimate the Total Cost of All Property Services

In addition to estimating future repair and replacement costs, all other property service costs must be estimated, to include:

- Maintenance of the Grounds,
- Cleaning of Common Areas,
- Preventive Maintenance of Equipment,
- Trash Removal, etc.

Refer participants to page 4-12 of their coursebooks (the paragraph entitled "*Step 5: Estimate the Total Cost of all Property Services*"). Refer them to the chart in this section.

Point out that this chart records for every element on the property baseline the following information:

- The type of service,
- Frequency and level of effort required,
- Equipment needed,

- Minimum skill needed,
- Materials needed.

Remind participants of the two ways to estimate costs:

(1) Calculate cost of materials, labor hours and equipment needed for each service; or (2) get quotations from reliable contractors. Deciding who performs the service and the frequency of some services, such as elevator maintenance, may be governed by legislation or government regulations.

Collect Information About the Finances

Refer participants to page 4-13 of their coursebooks entitled "**Step 6: Collect Information About the Finances.**" Explain that strategic planning will depend on knowing what resources are available. Explain that many times the Executive Committee will decide that some extensive improvements are needed, but the owners cannot afford the improvement at the present time. In this case, the Committee will want to establish a capital improvement fund.

Give the participants a few minutes to read under Step 6 the three options an Executive Committee has to establish this fund (summarized below):

- (1) postpone the repair for five years so long as there will be no consequential damages to the property, and increase fees or reduce expenses so that a surplus can be invested to bring a return greater than inflation;
- (2) make the repair immediately because damages will occur if it is not done; charge the owners with a special assessment to pay for it; or
- (3) make the repair immediately. The Executive Committee borrows the money and has every owner sign for the loan and agree to pay their share of the loan payments.

Ask participants if they know of other reasonable options.

DEVELOP A DRAFT FINANCIAL PLAN (THE BUDGET)

Refer participants to page 4-40 in their coursebooks which is a Sample Chart of General Ledger Accounts (at the back of this session in their course books). Point out the many accounting and budget categories which an association might use in establishing the budget, and explain that there are many more listed in this sample than a condominium may use. Additional categories could be added and some deleted which do not apply to some condominiums.

Point out that it is important to consider every applicable category when creating a budget so that no expenses are inadvertently overlooked. Explain that the budget categories are known as the chart of accounts

Have participants read at the last two paragraphs under **Stage 3, Step 1**, on page 4-16 of their coursebooks. These paragraphs explain the difference between a financial plan and a budget. Make sure participants understand the difference, allowing for questions.

Once a personalized list of budget categories has been compiled for a particular condominium, the estimated expenses, which would bring about the desired results, should be listed beside each budget category or item. It is best to start with how much it would cost to reach desired results, and then reduce the planned expenditures based on the resource constraints by setting priorities with the funds are available. It will be better to have a first draft budget that would show owners how much it would cost to get all desired results, so owners can understand the process the Executive Committee went through when it decided to postpone some repairs or improvements.

Explain that it is important to include in the draft budget detailed information to explain how each amount listed under income and expenditures was calculated or estimated.

Ask participants to look at a sample of this detail, usually called "supporting documentation" found on page 4-17 of their course books. Read a few of the budget items to demonstrate the detail provided.

Explain that after listing all expenses for each category in the budget, all income should be listed, and there should also be supporting documentation to explain how the figures were calculated. Refer participants to page 4-19 of their coursebooks entitled "**Step 3: Draft the Initial Budget Income Amounts including Supporting Details**".

Explain that the steps are as follows:

1. Enter last year's condominium assessment income, hoping that it will be enough to cover the proposed expenses for the new budget.
2. Adjust it by the inflation factors so that members will be paying the same amount in real terms as last year.
3. Calculate the difference between income and expenses and adjust the condominium fees to meet the proposed expenses.

Explain that, after taking these steps, the Executive Committee can look at the percentage difference between the old total income amount and the new adjusted one which meets the new expenses, and they can tell the percentage amount the condominium fees will increase. Now the Committee can see the impact on the owners and decide whether they can afford the increase or whether they need to reduce expenses.

Explain that the budget may be redrafted several times by the Executive Committee before a consensus is reached on a draft budget to present to the owners.

It is critical to go through this process and keep the earlier drafts of the budget. When owners at the General Assembly ask why certain repairs are not in the new budget, the Executive Committee and management will be able to explain how the repair was considered in the initial draft, but postponed in order to keep the percentage increase in condominium fees as low as possible. When the Executive Committee can show the owners what their condominium fee *would have been* if there had not been further scrutiny, owners will be much more understanding and appreciative of the hard work done by the Committee.

DEVELOP THE FINANCIAL PLAN

Have participants read "Stage 4: Develop a Financial Plan" on page 4-22 of their coursebooks.

Explain that the financial plan is the budget and all other proposed actions. Have them review the example given in this section and point out that in this case the proposed financial action in addition to the budget is a plan to assist the three owners who may not be able to afford the fee increase. Further, the Committee has concluded that the association can afford to replace eight exterior doors and make major repairs to two of the four elevators during the coming year without depleting the Capital Repair Fund. Repairs to the remaining elevators will be deferred to the following year.

Summarized what has been learned about preparing the financial plan and budget by asking the following questions:

What we have learned:

Who prepares the financial plan?

Generally the Property Manager or the Executive Committee. If a self-managed condominium, the Executive Committee may appoint a subcommittee to develop the plan.

Who is entitled to make comments on the financial plan and approve it and the budget?

All owners must be given the opportunity to comment on the financial plan. It is recommended that the General Assembly adopt the budget, and it is recommended that the General Assembly also vote to adopt the financial plan which includes the budget.

What are the procedures for preparing the financial plan?

- Collect information from owners on what they want and what they are willing to pay to get their desired results.
- Develop a baseline model on all components of the building which the association is responsible for maintaining, including the condition and any needed repairs.
- Estimate the cost of all repairs and replacements.
- Prioritize these repairs and replacements.
- Estimate the cost of all other property services.
- Calculate what funds are available to pay for the expenses (last year's income with inflation factored in).
- Develop a financial plan and draft budget which would meet all desired results.
- Calculate the shortfall between available funds and the total proposed budget expenses.
- Increase the condominium fees to meet the shortfall and seek what impact this will have on owners.
- Make judgements on what repairs and replacements can be safely postponed and redraft the budget as necessary to result in no increase in condominium fees or an increase that owners can afford.

Take any final questions, and explain that we will now move on to take a look at what accounting systems and financial procedures condominium associations use.

ACCOUNTING SYSTEMS AND FINANCIAL PROCEDURES (1 hour)

Use OH #4-10 to explain why property accounting systems are necessary.

OH #4-10

Proper accounting systems and financial procedures are necessary in order to assure that:

- funds are adequately protected,
- appropriate and necessary records are maintained; and
- summary information adequately reflects the financial condition of the property.

Remind participants that they are already familiar with one element of the accounting system--the chart of accounts.

Explain that although the Executive Committee may delegate to the Property Manager the authority to maintain a financial management system, it is the Committee's responsibility to see that the system is adequate and appropriate to the situation and to the protection of the association's funds. A good workable accounting system and financial procedures will assure that the Executive Committee has adequate information on its periodic financial reports about the current financial condition of the association and good historic information to use as a basis for subsequent budgets. A proper system of internal controls for handling association funds will protect those assets against inadvertent or deliberate loss.

Accounting Systems

Explain the main goal of a good accounting system is to keep **RELIABLE INFORMATION** to know what the association's financial status is, and for budget preparation.

Explain that the components of an accounting system include:

1. **A Chart of Accounts**

A systematic array of categories for the maintenance of financial data and information. This list of accounts may be done on a line item basis with each major income or expense category listed separately. Another option is to lump together into one account all expenses related to that particular project, such as Snow Removal Expenses, Lawn Maintenance Service, Lighting. The words describing the accounts must contain sufficient detail to support summary information in financial reports. A sample chart of accounts is enclosed at the end of this session.

2. **Ledgers, Books, Records, Files**

These are the hard copy records of financial transactions of the association which give support to the data reflected in the chart of accounts. They can be maintained in the traditional hard copy fashion with accounting books, ledgers, vouchers, etc., or these same types of reports, ledgers and journals can be maintained through a computer system. However, the files should reflect the hard copy backup of originals and support for all transactions.

Ask participants to remember that no matter what design or style or format their accounting system takes, they should make sure it has the two following components (show OH #4-11):

OH #4-11

Consistency and Accuracy --The primary goal of any accounting system is to achieve an accurate and consistent recordation of information on financial transactions. Failure to achieve these goals will result in inadequate and unreliable financial reports and poor historical data for future budget preparation.

Good Narrative Descriptions--The chart of accounts and the accounting records, ledgers, files and systems must be supported by a narrative description of the purpose and utilization of each component. This is particularly important with the chart of accounts in order to achieve consistency. The Executive Committee must see that a narrative description of each of the accounts and the information to be stored is prepared.

Financial Procedures

Explain that the primary goal of good financial procedures is **INTERNAL CONTROL**.

Ask participants for examples of situations in which they have seen potential for losses which could have been prevented by a better system of control. Ask for systems which have worked for their associations to track income and expenses.

Explain that internal control is a system of ***checks and balances to minimize risk of errors and losses resulting from honest mistakes as well as theft***. The optimal level of internal control would be one in which no one person has responsibility or access to more than one function of financial operations. Though this is not achievable in most association situations, some level of that control can be accomplished in each of the major financial functions of the association.

Ask participants to look at pages 4-24 - 4-27 of their coursebooks, numbers 1 - 4 under **Financial Procedures**, as you point out the key components to good financial procedures for tracking Income Receipts, Accounts Receivable, Expenses, Cash Disbursements and Accounts Payable, Fixed Assets and the General Ledger and Supporting documents. Touch briefly on each item. Ask participants to name some fixed assets in their condominium. Have participants look at the sample chart of general ledger accounts in the back of this session in their coursebooks.

FINANCIAL REPORTS AND STATEMENTS

Explain that now we will move on to specific periodic financial statements, provide a summary of transactions and financial condition of the association and permit an assessment of the progress achieved against an approved budget.

Periodic financial reports are the primary tool utilized by the Executive Committee during the course of a year to monitor performance and guide mid-year decision and adjustments.

Point out the key components to each report. Show OH#4-12.

OH #4-12

Balance Sheet Statements -

Give the association's financial condition at any given point in time.

Compare the association's assets, less its liabilities or debts, and results in a net worth or member's equity.

Portray what would happen if the association were dissolved as of the date of the balance sheet (what members equity would be available for distribution after assets were liquidated and all debts/liabilities paid).

Asset accounts on a balance sheet include cash in the association's account, all accounts receivable, the face value of investment vehicles, any prepaid expenses such as taxes paid in advance, fixed assets as explained above, and any other assets.

Liability accounts on the balance sheet include accounts payable, short or long term debts, accrued salaries, withholding taxes, and any other liabilities.

Income Statements - Explain that the income statement provides information about how well the association operation is going in comparison to the current budget, by summarizing all income and expenses during the current budget cycle.

Stress that this statement is probably the most important management report for the Executive Committee and management in assessing progress and potential trouble spots as compared to the developed and approved budget and operations plan.

The typical income statement shows current month income and expenses compared to current month budgeted income and expenses as well as a comparison of year-to-date actual experience to year-to-date budgeted experience. It is also helpful if the statement shows the percentage deviation from budget for both the current month and year-to-date.

The accounts reflected in the income statement are the major accounts for activities of the association as reflected in the chart of accounts developed earlier.

GETTING PROFESSIONAL HELP IN MANAGING FINANCIAL MATTERS

Ask participants for financial issues where they feel a professional accountant or tax attorney would be needed to make sure they handled things properly.

The issues they will probably mention are the payment of taxes and safe investment of the association's funds. With the complexities of tax laws, and new rulings and regulations, explain that associations should seek competent professional accountants to assist them in these procedures. With the quickly changing financial scene in Slovakia, an experienced and well-versed accountant can be on the lookout for the most advantageous handling of association's financial affairs and corporate status, as well as protect the association from legal consequences by insuring that the books are kept in a proper fashion.

The Independent Financial Audit

Point out that the Executive Committee is handling the members' funds and an independent review of the manner in which those funds are handled and reported gives protection to the Executive Committee, management and owners. It can assure them that appropriate financial procedures are in place and the financial statements accurately portray the financial condition of the association.

Explain how the independent audit is performed as follows:

A party, independent to the ongoing financial operation reviews procedures in place and renders an opinion as to the adequacy of those procedures in protecting funds and producing accurate financial reports. He produces a financial report to compare against the association generated report to identify significant differences or mistakes. This independent audit is not intended to have as its direct purpose to find fraud or theft, but it does so only as a byproduct of the audit if such dishonesty exists.

The independent audit should be conducted at the end of a fiscal year and upon any significant change in operating conditions, such as when the developer transfers control of financial operations to the owners, as in the case of a newly constructed condominium.

Investment Policy

Suggest that the Executive Committee should also establish a written policy statement for handling all association funds, including savings. This policy should focus on the important responsibilities of protecting the investments of the association against the loss of principle while endeavoring to optimize the investment income returned to the association.

Although investment options are not plentiful in Slovakia at the present, it should be clear that investment in risky ventures, even when recommended in a misguided effort to help the association's funds grow, should be considered imprudent, and should be specifically prohibited in the investment policy statement. A savvy and trustworthy investment counselor will be aware of the latest offerings of financial institutions which may be a safe investment vehicle for associations.

DEVELOPING ASSESSMENT COLLECTION POLICIES AND PROCEDURES

Explain that association Executive Committees must make a good faith effort to collect delinquent assessments from homeowners.

Explain that a team approach to collections usually works well. The team includes the Property Manager and the association's attorney, in addition to the Executive Committee. Explain that, when efforts by the manager do not work, the attorney may end up filing a lawsuit in court. Explain that condominium associations in Slovakia are just beginning to take these cases to court. Municipal court judges may be somewhat unfamiliar with an association's legislative authority to assess and collect fees, but case history is being made on this subject, and courts have awarded judgements to associations.

Point out that there is more material in their course books which will go into greater detail about this issue, but that you would like to discuss two key concepts: (1) using communications to keep delinquencies low; and (2) the components of a collection policy and procedure.

Review the following communication tips for delinquency collections (explain that these tips are on page 4-33 of their coursebooks). Take any questions.

Communication Tips for Keeping Delinquencies to a Minimum

- **Develop an effective collection policy and procedure, and give the owners an opportunity to comment on it before it is adopted.**
- **Post or send notices to owners well in advance of the meeting where the budget will be approved.**
- **Give owners notice of large or unanticipated expenses, even before the expense is incurred, if possible. The community newsletter is a good place to do this.**
- **Provide new owners with orientation material to acquaint them with their obligations regarding payment due dates, amount, and the association's collection policy.**
- **When appropriate, the Property Manager may use direct communication, on the phone or in person, with a delinquent owner to discuss collection of assessments. This personal form of communication is effective in certain conditions.**
- **All correspondence related to collections, whether it is a first friendly reminder, demand letter, or notice of legal action, should be written in a business-like professional style, and include all information the owner will need to understand why, how much, how and when the assessment should be paid, and what the consequences may be for continued non-payment.**

Now, explain that you would like to look at what an effective collections policy would include. The following is an example of one association's policy (page 4-34 in participants' course books).

**Delinquent Assessments Collection Policy, _____ Condominium Association
Adopted on _____**

WHEREAS, Article __, Section __ of the Association Agreement of _____ Condominium Association states that the Executive Committee shall have the powers and duties necessary for the administration of the affairs of the Association; and

WHEREAS, Article __, Section __ of the Association Agreement establishes the obligation of the unit owner to pay the share of estimated expenses, based upon the adopted budget and proportionate to his respective percentage interest on the first of each month; and

WHEREAS, Article __, Section __ of the Association Agreement authorizes the Executive Committee to take prompt action to collect any assessment due from any owner which remains unpaid for more than 10 days from due date, and further states that the Executive Committee may impose a financial penalty; and

WHEREAS, there is a need to establish procedures and policies for the collection of delinquent assessments; and

WHEREAS, it is the intent of the Executive Committee to establish the policies and procedures for the collection of delinquent assessments;

NOW, THEREFORE, BE IT RESOLVED THAT the following administrative policies and procedures be adopted:

1. Any assessment payment not received at _____ by the first of the month shall be termed delinquent. Owners may not withhold payment of assessments due to dissatisfaction with association services.
2. A late fee of _____ shall be levied against the delinquent owner as of the 15th day of the month.
3. Management shall contact the delinquent owner as of the 15th day of the month, by hand-delivered notice or phone call.
4. A certified letter shall be sent to all delinquent owners as of the 30th day of the month stating that if the account is not paid in full within 15 days, the account will be forwarded to the Association's attorney for legal collection action.
5. The attorney will contact the delinquent owner regarding the intent to file suit in municipal court to obtain a judgement in an amount which will include the delinquent assessments due, interest at a rate of _____%, late fees, costs of attorney's fees, as well as other fees to be pursued.
6. The attorney will file suit (as explained above in #5) by the 90th day on all delinquent owners.
7. All owners who remain delinquent after 90 days will lose the following association membership privileges: _____, _____, _____.
8. Any fees paid shall be applied to the oldest outstanding debt first.

Review the policy and answer any questions.

Then explain that there are several approaches to designing letters sent when an owner first becomes delinquent. The following are three such notices, which might follow each other if, after the friendly reminder is sent the assessment is still not received. Have participants look at pages 4-35 - 4-37 in their coursebooks for the three sample letters.

FRIENDLY REMINDER NOTICE

Date: _____

Regarding Unit No.: _____

Dear Unit Owner:

We have not received the condominium assessment for the above-referenced unit for this month. You have an excellent payment record and we normally receive your payment prior to the late charge date. Please check your records, and if you have paid, please call _____ so we can correct any errors and locate the payment.

If you have overlooked or forgotten to pay, please remit payment in the self-addressed enclosed enveloped before the last day of this month.

Thank you for your cooperation.

The Management

Payments may be made in person at the following address: _____

IMPORTANT NOTICE

Date: _____

Unit No.: _____

Dear Owner:

Please note the delinquent balance on your condominium fee account. If you have sent this amount in the last few days, please disregard this notice. The Condominium Association cannot meet its financial obligations unless all unit owners pay their fees in a timely manner. The Executive Committee has instructed us to refer your account to the Association's attorney if the delinquent assessments are not paid within ten (10) days of this notice. To avoid further collection actions please remit the balance due immediately in the self-addressed envelope provided. In the event your account is referred to legal counsel, you will also become responsible for legal and collection costs incurred. If the amount in question does not agree with your records, please call _____.

Total Condominium Assessments Due: _____

Total Late Fees Due: _____

Regards,

The Management

Payments may be made in person at the following address: _____

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Late Payment Notice

Date: _____

RE Unit No.: _____

Dear _____:

In accordance with Article __, Section __ of the Condominium's Association Agreement, and the Association's Approved Assessments Collection Policy, all payments not received by the due date are subject to a late fee in the amount of _____ and an interest charge of the unpaid balance at an annual percentage rate of ____%.

Our records show that your monthly assessment for the month(s) of _____, _____ has not been paid. Therefore, the late fees and interest as described above have been assessed against your account. The total due now is _____.

As an owner in _____ Condominium Association you have a legal obligation to pay the assessment on or before the first of each month. The Executive Committee is required to collect the assessments from owners, and to take firm legal steps as necessary with delinquent owners.

Please submit your payment for the balance due no later than _____ to avoid legal action and the additional expense of legal fees on your account.

Sincerely,

The Management

Please remit your payment to (address): _____

Explain that any collections policy should not be so restrictive as to prohibit the Executive Committee from allowing owners to make payment arrangements to bring their account up to date, when the Committee determines that the circumstances warrant it.

Explain that after an account is referred to the attorney, there is some proper protocol to follow, and this is explained further in their course books but does not need to be covered in this session.

Wrapping up collection policies and procedures, explain that is the association leadership's obligation to understand and effectively utilize any remedies available in developing and enforcing uniformly an assessment collections policy to ensure the financial health of the association. Although legal actions are sometimes necessary, good communications, consistent enforcement and good follow-up by the Property Manager will help keep serious delinquencies to a minimum.

WRAP UP OF THE SESSION

Take any final questions and end the session.

OH #4-1

Session Objectives

- Learn the necessary steps for preparing the association's operating budget and consider the benefits of establishing a capital reserves budget.
- Learn what is included in an effective accounting system; the financial procedures and recordkeeping.
- Discuss the uses for periodic financial reporting documents.
- Learn to develop an assessment collection policy

OH #4-2

A financial management system includes:

- A procedure for developing the association's operating and reserve budgets.
- Accounting systems, including hard copies of all records ledgers and books, or on computer files.
- Financial procedures, including a system of checks and balances.
- Financial reports.
- A system for addressing all tax issues.
- Assessment collection procedures.
- Policies for investing association funds.
- Periodic independent financial audits to evaluate the entire system for accuracy and appropriate procedures.

OH #4-3

Key Benefits to implementing a comprehensive financial system:

- It provides assurance that accurate historical information is maintained.
- It provides a mechanism for monitoring financial performance.
- It provides a system for minimizing loss due to inadvertent error or theft.
- It helps the Executive Committee successfully fulfill its role as fiduciary.
- It gives the owners peace of mind that their investment is being handled in a professional manner.

OH #4-4

- 1. Portrays the objectives of the condominium membership in financial terms.**
- 2. Reinforces owners' commitment to paying common charges.**
- 3. Helps to obtain subsidies to which condominium owners are entitled.**
- 4. Provides a basis for comparing results of condominium operations to the stated objectives of the members.**

Organizing Information Collected for a Baseline

Use six possible categories:

1. **Grounds (includes turf, plantings, improvements to grounds such as paved areas, playgrounds, exterior furniture, etc.).**
2. **Building exteriors (including roofs, walls, windows, doors and foundations).**
3. **Building interior common areas (including public area heating, ventilation and any air conditioning systems, fire protection, communal service pipes, conduits and equipment, lighting, signage, plumbing, etc.).**
4. **Residential units owned by the association (if applicable).**
5. **Commercial units owned by the association (if applicable).**
6. **Any pipes, conduit or other equipment for communal services which pass through privately owned units but which serve other units and are maintained by the association.**

OH #4-6

Item Category	Type	Quantity	Estimated Age	Condition
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OH #4-7

Item Category	Type	Quantity	Estimated Age	Condition
Entry				
Entry Doors	Wood & Glass	1 double door	25.00	Replace
Steps	Concrete	2 square meters	25.00	Poor

OH #4-8

Item Category	Type	Quantity	Estimated Age	Condition
Entry				
Entry Doors	Steel & Glass	1 double door	1.00	Excellent
Steps	Concrete	2 square meters	25.00	Poor
Security System	Intercom	1	1.00	Excellent
Trees	Silver Birch	5.00	1.00	Excellent
Entry Light	Incandescent	1	1.00	Excellent

OH #4-9

Replace: When a component cannot be repaired or it is uneconomical to make repairs.

Poor: It needs a lot of repairs and is very close to needing to be replaced.

Average: It needs some repairs

Excellent: It is either new or needs no repairs.

OH #4-10

Proper accounting systems and financial procedures are necessary in order to assure that:

- funds are adequately protected,
- appropriate and necessary records are maintained; and
- summary information adequately reflects the financial condition of the property.

Consistency and Accuracy -- The primary goal of any accounting system is to achieve an accurate and consistent recordation of information on financial transactions. Failure to achieve these goals will result in inadequate and unreliable financial reports and poor historical data for future budget preparation.

Good Narrative Descriptions -- The chart of accounts and the accounting records, ledgers, files and systems must be supported by a narrative description of the purpose and utilization of each component. This is particularly important with the chart of accounts in order to achieve consistency. The board must see that a narrative description of each of the accounts and the information to be stored is prepared.

Balance Sheet Statements -

Give the association's financial condition at any given point in time.

Compare the association's assets, less its liabilities or debts, and results in a net worth or member's equity.

Portray what would happen if the association were dissolved as of the date of the balance sheet (what members equity would be available for distribution after assets were liquidated and all debts/liabilities paid).

Asset accounts on a balance sheet include cash in the association's account, all accounts receivable, the face value of investment, vehicles, any prepaid expenses such as taxes paid in advance, fixed assets as explained above, and any other assets.

Liability accounts on the balance sheet include accounts payable, short or long term debts, accrued salaries, withholding taxes, and any other liabilities.

Session 5-A
Facilities Maintenance
(Part One of a Two Part Session)

Time: 2 hours, 5 minutes (Part One)

GETTING STARTED (5 minutes)

1. Welcome participants back and briefly explain that this session is about exercising the right of every association to decide the **standards** owners want for the maintenance and upkeep of their building.

Explain that, while some associations will continue to use the services of the current management firm, others will seek the services of persons or new companies. Whoever performs the work will follow the standards the association sets. Another session in this course will deal with *Who* is the best choice to perform the work. This session will help you develop the standards and procedures for maintenance suited to your association's particular needs.

2. Review the Session Objectives. Show OH #5-1. Read aloud.

OH #5-1

Session Objectives

- Review the obligations and benefits of a good maintenance program.
- Define the different types of maintenance.
- Clarify maintenance responsibilities of owners and the association.
- Learn how to determine satisfactory levels of service.
- Outline the steps necessary to develop a comprehensive maintenance program.

Objectives in detail: *(These are located on page 5-1 in participants' course books.)*

- Review and discuss the obligations and benefits of a good maintenance program.
- Define the different types of maintenance to be expected in an association situation.
- Learn how to clarify responsibilities for maintenance of Units, General Common Areas and Limited Common Elements.
- Outline the basic steps to take in designing a comprehensive maintenance program; finding satisfactory levels of service.
- Tie all the above together and create the basis for a maintenance program.

ASSOCIATION OBLIGATIONS AND EXPECTATIONS

1. *Paired Discussion* (15 minutes total for all situations)

Explain that before moving more deeply into the content of this session we want to first explore obligations and expectations of the association.

TRAINER'S NOTE: The following four situations are designed to demonstrate four different perspectives from which an association Executive Committee has an obligation to properly maintain common areas. They are: 1.) the Association Agreement mandates it; 2.) the committee must use Good Business Judgement when spending association funds; 3.) the Executive Committee should strive to meet owners' quality of life expectations, considering safety, comfort, and health; and 4.) there is a commitment to enhance and improve the property; not just maintain it at its current level.

Ask all of the participants to play the role of a non-executive committee member condominium owner as they consider the following four situations. Read aloud and show Situation #1 – OH #5-2.

OH #5-2

Situation #1: You have read the Association Agreement for your condominium which states that the association's Executive Committee has the responsibility to "maintain, preserve and enhance the common areas which are jointly owned by all members." You begin to consider what this responsibility really means, and you take a walk around your building to see what needs to be maintained.

Consider the common areas of the building you live in. What four or five specific things would you expect the Executive Committee to address as top priorities to receive better maintenance or repair? On what basis do you consider them to be a priority?

Now tell participants to turn to the person next to them and discuss this situation. They should decide what they would expect from the association. They should come up with a list between the two of them of the maintenance, repairs or needed improvements which they feel should be a top priority. Tell them to be prepared to share their list with the larger group.

Give participants a few minutes to discuss the situation.

TRAINER'S NOTE: Use flip chart here.

Take a few examples from the pairs regarding their suggested maintenance priorities. List them on the flip chart so that everyone can see them. After taking a few examples, stress the point that owners expect the Executive Committee to be aware of needed repairs, to follow the mandate given to it in the Association Agreement, and to develop a plan to make the repairs.

Repeat the same process with all four situations.

Show Situation #2 – OH #5-3. Read aloud.

OH #5-3

Situation #2: You have just reviewed your condominium's most recent budget, and you see that a large portion of the Association's expenses relate to maintenance and repairs. What sound business judgements do you want the Executive Committee to practice to ensure that this large percent of your condominium assessments is being spent wisely on maintenance?

Give participants a few minutes to discuss this in pairs, then address the whole group. Write some of their ideas regarding sound business judgement on the flip chart. Stress the point that one sound business judgement would be to have a PLAN for maintenance.

Show Situation #3, OH #5-4. Read aloud.

OH #5-4

Situation #3: You and your spouse are considering buying a condominium apartment, and as you look at different condominium buildings you search for the building which will provide the best quality of life for your two young children. Safety, cleanliness and comfort are important to you. What things will you look for as you try to find the right home for your family?

Give participants a few minutes to discuss this in pairs, then address the whole group. Write some of their ideas on the flip chart. Stress the point that the association should consider the owners' quality of life expectations in designing a maintenance plan.

Show Situation #4, OH #5-5. Read aloud.

OH #5-5

Situation #4: Your building has recently formed an owner's association, and a General Assembly of all owners will be held soon to get input from all owners on what they would like the long term goals to be for the new association in the coming two years. One of the questions will be what physical improvements would owners like to see in or around the building. What improvements would you like to see in your building?

Give participants a few minutes to discuss this in pairs, then address the whole group. Write some of their ideas on the flip chart. Stress the point that the association should strive to enhance and improve the property as well as to maintain it well.

2. **Summary of Key Points** (5 minutes)

Use OH #5-6 to summarize the key points regarding the obligation an association has to properly maintain the common areas.

OH #5-6

The Association's Obligation to Provide Maintenance from Four Perspectives

Legal – Governing Documents

Business Requirements

Quality of Life

Enhancement – Not Just Maintenance

Refer participants to page 5-2 in their course books for more detail regarding these four perspectives.

BENEFITS OF AN ESTABLISHED MAINTENANCE PROGRAM

1. Introduction (5 minutes)

Explain that, while there are the obligations we just discussed, there are also some real benefits to be gained by having a maintenance program. We want to discuss those now.

TRAINER'S NOTE: Use flip chart here.

Ask participants to explain what a maintenance program is to them. Take a few examples and develop a working definition of a maintenance program. Write this on flip chart so everyone has the same understanding of the concept.

2. Group Discussion (10 minutes)

Now that we have a common understanding of what a maintenance program is, let us look at the benefits.

Divide the participants into two groups – the Executive Committee and the Residents. Explain that participants will now need to think like the people they have been assigned to, for example “Think like Committee Members”.

TRAINER'S NOTE: Give one person in each group a piece of flip chart paper and a bold marker.

Show OH #5-7, which gives them the following task. Read aloud.

OH #5-7

As Executive Committee Members and Residents, discuss and identify what BENEFITS you see to having a maintenance program. What will it provide or help you with?

Develop a list of the benefits and write it on the flip chart paper.

You have 10 minutes.

TRAINER'S NOTE: While the participants are performing

this task, refer to pages 5-4 and 5-5 in their course books so that you will be familiar with all of the benefits for each group.

3. **Group Reports** (15 minutes)

One at a time, have each group come to the front, post their chart and review their list of benefits. After each one, pause and see if there are any questions or additions that others want to make.

TRAINER'S NOTE: Have your own marker ready and be sure to add any benefits that get missed by the groups.

Tell participants to refer to pages 5-4 and 5-5 in their course books for a list of benefits from these different perspectives. Point out that most of them were identified by the group today.

4. **Reflection** (5 minutes)

Ask participants to think about and write down in their course books what was the most important thing they learned from the discussions on obligations/expectations and benefits. What questions do they have regarding this material.

Give them a few minutes to complete that and then ask for some examples of what people thought was most important. Answer any questions they might have.

BREAK (10 minutes) Take a brief stretch break.

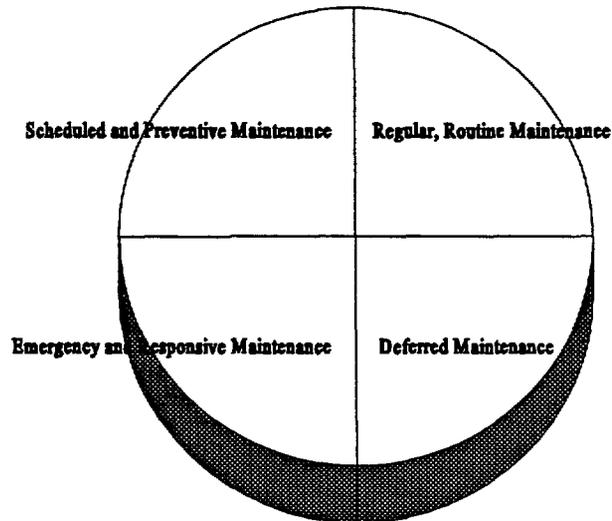
TYPES OF MAINTENANCE

1. **Introduction** (10 minutes)

Explain that we have talked about what a maintenance program is, expectations and benefits for having a maintenance program and now we want to look at the specific types of maintenance activities that need to be part of the program.

2. Show the wheel with the 4 Categories of Maintenance Activities (OH #5-8). Explain briefly each of the categories so participants get a sense of the differences. Do not give any examples because that is what they will be doing in the next activity.

OH #5-8



Explain that we want to look at the specific tasks required to properly maintain the condominium buildings and grounds. But, before we go any further, it is important to remind ourselves that the maintenance we are speaking about is only for common areas of the association.

Remind participants that in a condominium association, owners are responsible for the maintenance of their units. Therefore, the maintenance we are discussing today relates exclusively to common areas.

Show OH #5-9 to review the facts which they should remember.

OH #5-9

Maintain Only Common Areas

The association has a responsibility to maintain the common areas, but not individual units or parts of units. Except for rare instances, the Board is not authorized to spend association funds on repairing or maintaining units.

Sometimes it is not clear where the unit boundary ends and common area begins. The Law and the Association Agreement may not be completely clear on this issue.

For example, does a unit's boundary stop at interior walls of the unit? If it does, then who is responsible for painting the exterior surface of the unit door, which is outside the walls?

The solution is to develop a Maintenance Responsibilities Chart.

Explain that more information on this subject is provided on pages 5-7 and 5-8 of their course books, but for the purposes of this session you want to make it clear that the maintenance program is only for the common areas of the association.

3. **Group Activity** (5 minutes)

TRAINER'S NOTE: You will need 4-6 pads of "post-it" notes to give to each table. Participants will be writing on the post-it notes and then posting the completed sheet onto flip chart paper so give them magic markers to write with.

Distribute pads of "post-it" notes to each table. Show OH #5-10 and explain the task.

OH #5-10

At your table think of all the possible maintenance tasks that would be needed to properly maintain the building, equipment and grounds of the condominium. Put each task on a separate post-it note. (Write with markers so we can see it.) You have only 5 minutes so generate as many as you can.

4. **Large Group Discussion** (20 minutes)

TRAINER'S NOTE: You will need a flip chart, a bold marker and some scotch tape.

Tear off four flip chart pages and post them next to each other (on the wall with scotch tape if necessary). Write a separate heading on each one. The headings are:

Regular Routine Custodial Maintenance
Scheduled and Preventive Maintenance
Emergency and Responsive Maintenance
Deferred Maintenance

Give participants the following task by showing OH #5-11 Read aloud.

OH #5-11

Look at the post-it notes you have and decide in which maintenance category they belong. After you have made that decision go stick your post-it notes on the appropriate flip chart.

You have 5 minutes.

Review all flip charts by taking them one at a time and identify the tasks that appropriately belong on this list. Eliminate duplicate items and if there are any that more appropriately belong to another list be sure to move them and discuss why they belong under a different category.

When reviewing the chart on emergency and responsive maintenance provide the following elaboration:

There are three levels of emergency and responsive maintenance:

Real Emergencies: Situations that immediately threaten life, health, or safety. (*Ask for examples from the group.*)

Urgent Requests: Situations that are a major inconvenience or hardship to owner and/or would result in health or safety hazards if left undone. (*Ask for examples from the group.*)

Routine Requests: Conditions that warrant repair but are not of an emergency or urgent nature. (*Ask for examples from the group.*)

6. **Reflection** (10 minutes)

Ask participants to look at the information on the categories of maintenance and identify any questions they might have regarding the information. Respond to any questions or comments.

Next, ask participants what would be most difficult in planning for and attending to the maintenance activities. Give them a minute to think about the question and then ask for some responses on some of the difficulties.

TRAINER'S NOTE: Use a flip chart here, and write down any difficulties they mention. Explain that you are recording them so that as we learn how to develop a maintenance program, we can see how they will be addressed.

Ask participants to write down some notes to themselves on the most important things they do not want to forget about the types of maintenance.

HOMWORK ASSIGNMENT

1. *Introduction* (5 minutes)

Explain that in the next session we will be working on developing a maintenance program which involves the following steps (show OH #5-12):

OH #5-12

Steps to Develop a Maintenance Program	
Step One:	Inventory the property, facilities, and equipment.
Step Two:	Physically inspect the property and equipment to determine current condition and any needed repairs.
Step Three:	Identify warranties and service contracts.
Step Four:	Define maintenance goals and standards.
Step Five:	Develop a Maintenance Policies and Procedures Manual.

2. *The Assignment* (5 minutes)

TRAINER'S NOTE: You will need to have prepared in advance enough copies of the Property Inspection form and the "Routine Housekeeping Schedule" to distribute for this assignment.

Explain that you are going to ask half of the participants to do a homework assignment related to "Scheduled and Preventive Maintenance" while the other half of the class will have a homework assignment related to "Regular Routine Maintenance."

Distribute a copy of the sample "Baseline Property Inspection and Inventory Form" to half of the participants, and explain their assignment is to take a walk through and around their building to look at any building components and equipment listed on this form which is easily accessible to them. They should then mark on the form any noticeable repairs or maintenance they see. Add to the list any equipment or property not on the sample form. Assure

them that you do not expect them to go on the roof, or other areas not easily accessible for the purposes of this homework assignment, but ask them to do as thorough an inspection as possible, making the list as complete as possible to reflect the actual list of components in their building.

Distribute the sample "Routine Housekeeping Schedule" to the remaining participants. Explain that their assignment is to walk through their building with an eye towards the cleanliness of the common areas. Ask them to add or remove from the sample list of areas needing cleaning, to make the list as accurate as possible to the conditions in their building. Then ask them to make some initial judgements as to how often the cleaning of each component should be done, putting a checkmark in the columns. For example, how often should the hallway light fixtures be dusted/cleaned? Daily? Semi-weekly? Weekly? Semi-monthly? Check the appropriate column of the form.

Make sure that everyone understands the assignment and then close the session.

OH #5-1

Session Objectives

- Review obligations and benefits of a good maintenance program.
- Define the different types of maintenance.
- Clarify maintenance responsibilities of owners and the association.
- Learn how to determine satisfactory levels of service.
- Outline the steps necessary to develop a comprehensive maintenance program.

OH #5-2

Situation #1: You have read the Association Agreement for your association which states that the association's Executive Committee has the responsibility to "maintain, preserve and enhance the common areas which are jointly owned by all members." You begin to consider what this responsibility really means, and you take a walk around your building to see what needs to be maintained.

Consider the common areas of the building you live in. What four or five specific things would you expect the Executive Committee to address as top priorities to receive better maintenance or repair? On what basis do you consider them to be a priority?

OH # 5-3

Situation #2: You have just reviewed your condominium's most recent budget, and you see that a large portion of the Association's expenses relate to maintenance and repairs. What sound business judgements do you want the Executive Committee to practice to ensure that this large percent of your condominium assessments is being spent wisely on maintenance?

OH #5-4

Situation #3: You and your spouse are considering buying a condominium apartment, and as you look at different condominium buildings you search for the building which will provide the best quality of life for your two young children. Safety, cleanliness and comfort are important to you. What things will you look for as you try to find the right home for your family?

OH # 5-5

Situation #4: Your building has recently formed an owner's association, and a General Assembly of all owners will be held soon to get input from all owners on what they would like the long term goals to be for the new association in the coming two years. One of the questions will be what physical improvements would owners like to see in or around the building. What improvements would you like to see in your building?

OH #5-6

**The Association's Obligation to Provide Maintenance
from Four Perspectives**

Legal – Governing Documents

Business Requirements

Quality of Life

Enhancement – Not Just Maintenance

OH #5-7

As Executive Committee Members and Residents, discuss and identify what BENEFITS you see to having a maintenance program. What will it provide or help you with?

Develop a list of the benefits and write it on the flip chart paper.

You have 10 minutes.

OH #5-9

Maintain Only Common Areas

The association has a responsibility to maintain the common areas, but not individual units or parts of units. Except for rare instances, the Executive Committee is not authorized to spend association funds on repairing or maintaining units.

Sometimes it is not clear where the unit boundary ends and common area begins. The Law and the Association Agreement may not be completely clear on this issue.

For example, does a unit's boundary stop at interior walls of the unit? If it does, then who is responsible for painting the exterior surface of the unit door, which is outside the walls?

The solution is to develop a Maintenance Responsibilities Chart.

OH #5B-10

At your table think of all the possible maintenance tasks that would be needed to properly maintain the building, equipment and grounds of the condominium. Put each task on a **separate** post-it note. (Write with markers so we can see it.) You have only 5 minutes so generate as many as you can.

OH #5-11

Look at the post-it notes you have and decide in which maintenance category they belong. After you have made that decision go stick your post-it notes on the appropriate flipchart.

You have 5 minutes.

OH #5-12

Steps to Develop a Maintenance Program

- Step One: Inventory the property, facilities, and equipment.
- Step Two: Physically inspect the property and equipment to determine current condition and any needed repairs.
- Step Three: Identify warranties and service contracts.
- Step Four: Define maintenance goals and standards.
- Step Five: Develop a Maintenance Policies and Procedures Manual.

Session 5-B
Facilities Maintenance
(Part Two of a Two Part Session)

Time: 1 hour, 35 minutes (Part Two)

GETTING STARTED (5 minutes)

Welcome participants back, and explain that in this session we will look at each type of maintenance we learned about in Part One of this session, and learn how to develop written policies and procedures for providing the maintenance. These procedures will be the basis for a condominium association's Maintenance Policies and Procedures Manual.

Asking one group and then the other, find out what the participants' experience was in completing their homework assignments. Call on a few of the participants to hear what building property they added to the list that was not on the sample forms.

**WRITING PROCEDURES FOR ROUTINE MAINTENANCE
(HOUSEKEEPING)**

1. ***Paired Discussion*** (20 minutes)

Explain that, beginning with routine (housekeeping) maintenance, we will learn to develop chapter by chapter, the written procedures manual for all four types of maintenance, to include daily, weekly or monthly schedules for staff or contractors to follow in performing the work.

TRAINER'S NOTE: You will need to pass out a sheet of lined notebook paper for the participants.

Tell the participants they will work with the person sitting next to them as a team for the next few minutes. Ask all participants to put themselves in the role of a supervisor who wants to give clear instructions to the cleaning staff on exactly how to go about cleaning certain areas of the building. Using the list below, give each pair of participants one of the following cleaning duties, and ask them to discuss and write down instructions for performing

the duty. The goal should be a brief guide for the worker which will result in a good cleaning job completed in the most cost and time efficient way and in a safe manner.

Assign one of these to each pair:

- Clean hallway light fixtures
- Wet mop hallway floors
- Clean lobby windows (they are ceiling-to-floor, 14 feet high)
- Keep grounds free of litter
- Clean trash chutes; trash rooms
- Clean all common area doors
- Wipe down hallway walls; remove cobwebs from corners.

Before the pairs start working on this, show them OH #5-13, which is a list of things they should consider when writing the instructions. Explain that some cleaning duties will need more instruction than others, but for the purpose of this exercise, they should be as detailed as possible. Explain that they have 10 minutes to work on this.

OH #5-13

Things To Consider When Writing Housekeeping Instructions

- Safety instructions for both the worker and residents (e.g., use ladder; post wet floor signs when floors will be slippery, etc.).
- What cleaning products to use, what cleaning products should not be used.
- Detail what the work includes. For example, cleaning common area doors may include dusting the frame around the door, polishing any brass work on the door, cleaning the threshold.
- Minimum standards. For example, mop water must be changed twice for each hallway mopped.

TRAINER'S NOTE: *You will need a flip chart and marker. After 10 minutes have elapsed, have one person from each pair address the entire group and tell what cleaning duty they were assigned, and what instructions they wrote. Use*

a flip chart, and list each duty and the instructions as they are read off so that everyone can see them. Thank the participants, and leave the flip chart up, explaining that this information will be used in a few minutes.

Pass out a blank copy of the Sample Routine Housekeeping Schedule to all participants.

Now, ask for a volunteer from the group whose homework assignment was to inspect their building for housekeeping. Ask this volunteer to read from sections on Hallways and Lobbies on the completed Routine Housekeeping Schedule he produced after inspecting the building, and tell the group what frequencies he assigned to each of the duties, and how he made those judgements. As he reads this, the other participants should follow along using the blank form and may check the frequency columns as he reads them off. If any additional cleaning functions were added to the list, have the volunteer read those too. Ask a second volunteer from the same group to do the same thing for all other functions on the form.

Explain that the last two exercises are the key components of writing routine maintenance policies and procedures. The only remaining step is to incorporate the information we have gathered to write a daily or weekly schedule for the staff to follow.

Have the participants turn to page 5-19 of the course book to see an example of such a schedule, entitled "Sample Weekly Housekeeping Schedule," which is often put in calendar format, and given to the worker at the beginning of each week as their basic work plan for the week. Point out that the sample in the course book is in calendar form, and includes a place where the person supervising the housekeeping staff approves the work done each day by signing the schedule.

2. **Putting It All Together** (10 minutes)

Now refer back to the flip chart. Explain that by performing the homework and two exercises, we have just created the basis for a chapter in the Policies and Procedures Manual for Routine Maintenance.

Remind participants that common sense will guide them in developing the initial schedules, but they can expect policies and procedures to be subject to change, depending on several factors: the level of activity in and around the building which affects how quickly certain areas become soiled and need cleaning; budget constraints; staffing levels; new methods of cleaning; and new products. Review the steps taken by looking at OH #5-14.

OH #5-14

Steps to Creating Routine Maintenance Policies and Procedures

1. Inspect the property inside and out, and develop a complete list of all housekeeping functions which will be necessary to keep the premises clean.
2. Develop a housekeeping schedule which lists the functions and how frequently each function should be performed.
3. For each function that requires detailed instructions, prepare a written guide for the worker to follow.
4. Put each function on a weekly housekeeping schedule to be given to the worker as his weekly work instructions.

WRITING PROCEDURES FOR SCHEDULED PREVENTIVE MAINTENANCE (15 minutes)

Explain that the steps we just took to write routine maintenance procedures work well for writing preventive maintenance procedures as well, with a few wording changes.

Tell all participants to refer to page 5-10 of their course books to follow along with the following discussion of the Baseline Property Inspection Form.

Ask for a volunteer from the group whose homework assignment involved the "Baseline Property Inspection and Inventory Form." Ask the volunteer to refer to the notes he made on the form, and describe his experience inspecting his building, and what EXTERIOR BUILDING items from his building should be on a preventive maintenance schedule.

Ask for a second volunteer to do the same thing with the second half of the Inspection form, INTERIOR building components.

Now refer all participants to pages 5-20 to 5-21 of their course books to see how these items are incorporated into a schedule for maintenance staff to use as their weekly or monthly task list. Give a brief description of each form:

Page 5-22: This is a Preventive Maintenance Tasks List, used for each piece of equipment or component of the property, and for recording an identification number for each item, its location, manufacturer, warranty, if any, the maintenance tasks to be performed and the frequency. These lists should be kept in a notebook in numerical order by item identification number, with a table of contents.

Refer participants to Page 5-19 and explain that, following the same procedure used to develop the Weekly Housekeeping Schedule, each maintenance duty on all equipment is incorporated into a calendar style monthly Preventive Maintenance Checklist to be used by the building engineer or contractor. It tells the worker what equipment needs maintenance, where the equipment is located, what tasks are to be performed, and which task has been assigned to each worker. Workers complete the checklist by dating and initialing beside each task when they have performed the maintenance.

Remind participants that these forms can be used whether their association hires a maintenance engineer directly or retains a management company. If a contractor is hired, the maintenance checklist is incorporated into the contract. We will learn more about this in the upcoming session on contracted services.

REVIEW (5 minutes)

Congratulate the participants. They now have the basics and the tools needed to develop a Preventive Maintenance Program. Take a minute to review the steps they just took. Refer them to page 5-20 of their course books, and read with them the following steps.

Steps to Develop Scheduled Preventive Maintenance Procedures

1. Complete a property inspection; develop a list of all building components which should receive preventive maintenance to prevent breakdowns and extend their useful life. Determine the age of each piece of equipment, its current condition and remaining useful life.
2. Using manufacturer's recommendations and the advice of experienced contractors, develop a one page fact sheet and Preventive Maintenance Tasks List for each item on the list. Give the item an identification number, state its location, and record the following: age of the item, date inspected and current condition; any warranties or service contracts and expiration date; what maintenance tasks are needed; and how frequently they should be performed.
3. Develop a monthly preventive maintenance schedule to be used by maintenance staff or contractor. It should include all the preventive maintenance tasks for each piece of equipment and the month in which the work should be performed.

WRITING PROCEDURES FOR EMERGENCY AND RESPONSIVE MAINTENANCE (30 minutes)

TRAINER'S NOTE: You will need to make enough copies of the three page "Exercise on Prioritizing Maintenance Requests" for all participants, including the sample chart for prioritizing maintenance work.

Distribute to all participants the Exercise on Prioritizing Corrective Maintenance Requests. Divide the participants into groups of four. Explain to all groups the background for this exercise. (Read the first three paragraphs of the exercise aloud. Explain that they will have 15 minutes to assign a priority code to each work order, and then to put all 11 work orders into the order they will be completed.

After 15 minutes have elapsed, ask a spokesman from each group to present their prioritized list and order of assignments. Use a flip chart and list the work order numbers only, 1-11, down the left side, and make a separate column for each work group to record their order of assignments. Let the participants compare these, and where there are obvious differences in how one group prioritized, allow that group to explain how they reached their decision.

Ask what the most difficult part of prioritizing these orders was. Remind participants that they may hire outside contractors to complete emergency repairs if they do not have adequate staff. Were there any work orders which could be deferred indefinitely? Were there any work orders which were not the responsibility of the association?

Explain that, although common sense often dictates the priorities for completing emergency and urgent repairs, a good set of minimum maintenance standards will guide you in almost every situation.

Refer participants to page 5-25 in their course books for one example of minimum maintenance standards.

WRITING PROCEDURES FOR DEFERRED MAINTENANCE (5 minutes)

Ask participants to name some "wish-list" items they can think of in the building they live in or work in, which they would like to see maintained better, but which must be considered low priority compared to other maintenance needed in the building. Use a flip chart and list those items they mention. They should include such items as painting, staining, and routine repair and replacement of major components or equipment. Add these things to the list if they are not mentioned.

Explain that deferred maintenance activities are those which are known and can be scheduled sometime in the future without incurring damage or financial harm to the association. Stress that, although staff shortages and/or budget shortages may require that some non-urgent maintenance items be deferred, one should always weigh the disadvantages as well as the advantages of deferring the maintenance.

Refer participants to page 5-30 of their course books, and review the list of questions to ask before deferring maintenance. This checklist may be incorporated into the Maintenance Policies and Procedures Manual, to be used in each case where a conscious decision is being made to defer major repairs.

Questions to Ask Before Deferring Maintenance

Will deferring this maintenance lead to any safety or health hazards, or potential property damage caused by neglect?

Is it anticipated that it may cost more to perform this maintenance in the future than it would cost to perform it now?

Will deferring the maintenance affect the useful life of the component?

Will deferring this maintenance cause a substantial detrimental effect on the aesthetic appearance of the property as to lower property values?

If this maintenance is deferred, when is it scheduled to be completed, or when is it scheduled to be considered again?

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Remind participants that in no case should maintenance be deferred indefinitely. At a minimum, the deferred maintenance should be plugged into the planning calendar for a future date when it will be up for discussion again. We will learn more about this during the upcoming Session on "Developing the Management Plan."

WRAP-UP (5 minutes)

Ask participants to reflect on this issue, and encourage questions.

After all questions are answered close the session.

OH #5-13

Things To Consider When Writing Housekeeping Instructions

- Safety instructions for both the worker and residents (e.g., use ladder; post wet floor signs when floors will be slippery, etc.).
- What cleaning products to use, what cleaning products should not be used.
- Detail what the work includes, For example, cleaning common area doors may include dusting the frame around the door, polishing any brass work on the door, cleaning the threshold.
- Minimum standards. For example, mop water must be changed twice for each hallway mopped.

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OH #5-14

Steps to Creating Routine Maintenance Policies and Procedures

1. Inspect the property inside and out, and develop a complete list of all housekeeping functions which will be necessary to keep the premises clean.
2. Develop a housekeeping schedule which lists the functions and how frequently each function should be performed.
3. For each function that requires detailed instructions, prepare a written guide for the worker to follow.
4. Put each function on a weekly housekeeping schedule to be given to the worker as his weekly work instructions.

The following exercise and sample chart on Prioritizing Maintenance Work may be the best way to become familiar with the concept of using the minimum maintenance standards and the prioritizing system for Emergency and Responsive Maintenance.

**SAMPLE CHART FOR
PRIORITIZING MAINTENANCE WORK**

Priority	Maintenance	Explanation
1	Emergency Corrective Maintenance	Situations that offer an immediate threat to health, safety or property.
2	Urgent Resident Request Corrective Maintenance	Situations that are a major inconvenience or hardship to owner and/or would result in health or safety hazards if left undone. (Note: At all times the resident has the right to enjoy normal, uninterrupted use of the unit.)
3	Routine Non-Urgent Request for Corrective Maintenance	Conditions that warrant repair but are not of an emergency or urgent nature.
4	Deferred Corrective Maintenance or Special Projects	These tasks have the most flexibility in scheduling for accomplishment; delaying performance to accommodate higher priority tasks will not harm residents or the property.

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EXERCISE ON PRIORITIZING CORRECTIVE MAINTENANCE REQUESTS

You are Jozef Resourceful, Executive Committee President and manager of a building. It is a Monday morning in January. You have an answering machine on which residents of your building may call in maintenance work requests. You arrive early on Monday and write up all of the work requests that had been recorded on the machine.

In addition to these work requests, you have regular janitorial and preventive maintenance work that must be done. One trades-general has approximately five working hours available and the other approximately one hour available for corrective work orders today. It is clear that you will not be able to make all of the requested repairs today. While you have basic tools and supplies in stock, you do not have any specialized appliance and electrical parts in stock. Assume that given the time, your staff could complete any of these repairs.

The following is a list of the requested work orders you received today. Decide on the assignment order of the work orders (use Maintenance Tasks Priorities in this handout) to place the 11 work orders in order of assignment. Are all requests maintenance responsibilities of the association? How many can be completed today, and which, if any, will be delayed? For which items would you call an outside contractor to avoid delays? For any of those delayed, how soon must the work be done to avoid more costly repairs later?

	Priority	Order of Assignments
1. Apartment 506 – Has a leak under the kitchen sink. The leak is coming from the supply line, and is dripping constantly.		
2. Apartment 411 – The lock on the apartment entrance door is broken. The resident has placed a chair inside to the door to keep it closed, but he is afraid to leave the apartment, because he cannot secure the door if no one is inside.		
3. Apartment 110 – There is a strong odor of gas in the kitchen. The stove is fueled with gas.		
4. An unidentified caller states that the glass in the rear entrance door to the building was broken last night. Glass is in the hallway, and cold air is coming into the hallway through the broken window.		
5. Apartment 215 – The overhead lights in the bedroom and bathroom do not work. The resident states in his message that he has tried new light bulbs, but that does not work.		
6. Apartment 102 – The toilet has backed-up, and overflowed onto the floor. The resident has mopped up the floor, but cannot flush the toilet. Because this has happened a number of times recently, there is leakage to the apartment below.		
7. Apartment 1022 – This resident on the top floor has reported several large holes in the walls in the apartment because of a former roof leak and would like them repaired.		
8. Several callers reported that of the four elevators in the building, two have not been working for the past two days. One of the callers reported having the elevator stop with him inside for ten minutes last night. Eventually, it started again and he was able to get out safely.		
9. Apartment 714 – The living room window has a long crack in it. It is allowing cold air to come into the apartment.		
10. Apartment 406 – Has water dripping from the kitchen light fixture, and the ceiling is wet and beginning to bulge over the sink.		
11. Apartment 121 – The resident called to report that the hall lights are out.		

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Session 6

Contracted Services

Time: 2 hours, 15 minutes

GETTING STARTED (15 minutes)

TRAINERS NOTE: Use flip chart here.

1. Welcome participants back. Explain that the best way to put this section into perspective may be to first get a clear definition of the section title. Say that you want to separate the two words in the title and define each word separately. Write the word "Contract" at the top of a flip chart page, and ask for volunteers to give the definition that they think would be found in the dictionary.

Do the same thing for the word "Services" and after you have gotten a definition which closely matches the dictionary definition, show OH #6-1.

OH #6-1

The definition of "Contract" is "...an agreement between two or more parties, especially one which is written and enforceable by law..."

The definition of "Service" is "...the occupation or duties of a servant; or employment in duties or work for another..."

Explain that in this section we will learn the methods of establishing a successful "contractual relationship" between the association and those providing any "service" to the association for which they will be paid.

2. Show OH #6-2 Section Objectives

OH #6-2

Session Objectives

- Develop criteria for determining what services should be performed by outside contractors.
- Design a scope of work and develop specifications.
- Identify sources of qualified contractors, and develop the bid invitations.
- Discuss techniques for interviewing bidders, evaluating bids and selecting the best contractor.
- Identify the elements of a contract and effective contract negotiation techniques.
- Discuss how to get the most out of contractors through good communications.
- Learn the value of competition to get the best value and service from contractors.

Remind participants that contracted services may refer to any of the following (or numerous others not mentioned):

OH #6-3

- A contract with the municipal company for maintenance service
- A contract with a private company for maintenance service
- A contract with a plumber to make a repair
- A contract with a private roofing contractor to replace or repair the roof
- A contract with a private company to keep the building and grounds clean
- A contract with an accountant to do an annual independent audit of the associations financial books
- A contract with an attorney to handle the serious delinquent accounts

Explain to participants that for the purposes of this section we will concentrate on contracting for maintenance or repair services, but it is important to keep in mind that any service which a condominium contracts out for may be provided based on a written agreement or contract between the parties.

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DECIDING TO USE AN OUTSIDE CONTRACTOR

1. *Large Group Discussion* (15 minutes)

Explain that the first step in maintenance or repair contract negotiations is to determine the association's responsibilities and decide whether to handle the work in-house (using an employee or owner-volunteers) or to contract with other contractors.

The association's leadership and management must always keep in mind that it is only responsible for maintaining the common areas. The Association Agreement should state this clearly. When an owner pays his condominium fee, he puts trust in the Executive Committee to spend that money only on the operations of the condominium and the upkeep of common areas, not for upkeep of other individual units, which is the sole responsibility of the person(s) who owns the unit. There are rare exceptions to this rule, and even when there may be a good reason for an exception, all owners should be advised in advance, and allowed to vote on any issue where association condominium fees would be allocated for repairs to units.

Therefore, the first test an Executive Committee should make before deciding to contract out, is to make sure that the association has authority to maintain the area or components for which they are about to contract out.

TRAINER'S NOTE: Prepare to do a large group brainstorming session, using markers and a flip chart. The approach is to have participants contribute any idea that comes to mind and for the trainer to write down every idea regardless of its possible merit. Avoid judging or evaluating the ideas when they are given. Just write them down. Make sure participants are also clear that they should avoid judging other's ideas and contribute freely.

Ask the following question on OH #6-4

OH #6-4

- What areas, components and services are most likely to receive the best service and value from outside contractors rather than using in-house employees?

List all of their answers on the flip chart. Thank them for their contributions. Then explain that this has been an ongoing topic for debate for as long as condominium associations have been in existence around the world.

4. *Large Group Discussion* (10 minutes)

Explain that there are some logical guidelines to follow for deciding to contract out; show OH #6-5

OH #6-5

- Unsatisfactory experience using the municipally-owned firm
- Unsatisfactory experience using in-house staff
- Legal requirements
- The investment
- Consider fiduciary responsibilities and using good business judgements
- The cost effective test and service to owners test

Refer participants to p. 6-3 in their course books, "Guidelines for Deciding When to Contract Out for Services". Ask them to read the guidelines. Ask for any clarification questions. Then go to the list on the flip chart and pick 2 - 3 items. Ask under which guideline(s) the items might fit. Then ask for comments. Emphasize any point you feel is particularly important to this group of participants.

DESIGNING THE SCOPE OF WORK AND SPECIFICATIONS

1. **Small Group Discussion** (15 minutes)

Explain that once the association determines the job is extensive enough to require a contractor, the scope of work and specifications should be prepared in sufficient detail so that potential contractors and the contractor ultimately hired will be well-informed of the exact requirements for submitting a proposal and performing the job satisfactorily. These specifications will eventually be made a part of the contract, so it is important to put in as much detail as possible to prevent misunderstandings later.

Then ask them to work in small groups of 3-4 people for 5-7 minutes to work on a possible scenario for developing a scope of work for repainting the exterior wood on a condominium townhouse community. Show OH #6-6.

OH #6-6

Discuss this scenario in your small group:

- You want to set up a contract to repaint your building.
- What are 2-3 things you would want to be clear about in developing a scope of work for an outside contractor?

Have one person in your group ready to report out your answers.

After they have finished, take one answer from each group.

2. **Small Group Work** (15 minutes)

Refer participants to p. 6-8 of their course books, "Specifications for Repainting Condominium". Ask them to discuss these specifications in the same small groups as before for five minutes as follows (show OH #6-7):

OH #6-7

Discuss which of these specifications are appropriate and important in the Slovak context.

Have one person in your group ready to report out your answers.

Take a few answers from the groups. Then refer them to the list on p. 6-5 in their course books, "Specifications and scope of work should include". Give them a few minutes to read this list. Explain the key points and link them to participants' ideas from their small group work as much as possible. You may even add some participants' ideas to this list as appropriate.

FINDING QUALIFIED CONTRACTORS AND INVITING THEM TO BID

1. *Large Group Discussion* (20 minutes)

Explain that the emergence in Slovakia of condominium owners' associations and their right to select the contractor of their choice, is an important element in the move toward a market economy. Condominium associations open the door for new business opportunities and jobs.

But because this is new in Slovakia, it is natural that association owners may wonder where they will find a good selection of contractors to bid on their contract. The good news is that people are quick to respond to opportunity. Experience has already proven this in Slovakia. Of course, there are bound to be "growing pains" as new business men and women learn how to manage their maintenance companies and how to meet the needs of associations.

The association should do some research and planning to determine the best way to reach the right people and companies to invite to bid. Whether it is through newspaper advertising, direct phone calls, or flyers posted in the right locations, here are some of the people you can expect to be interested in your invitation to bid (show OH #6-8):

OH #6-8

- **The local government management organization.**
- **Individuals or groups of individuals who are or have worked for a government management organization, and decide to start their own company.**
- **Developers and construction companies who employ a maintenance staff to maintain the buildings they construct, and are interested in providing maintenance for other buildings as well.**
- **Former employees of construction companies who wish to use their specific skills to start their own maintenance and repair company.**
- **Individual craftsmen in the trades (carpentry, plumbing, electrical).**

Mention that another good source to find contractors is to contact manufacturers and suppliers. Ask them what their experience has been and what difficulties they have had in finding contractors. Ask them if they have found other resources helpful in finding contractors, and if so what those resources are.

Say that once they have found at least 4-5 contractors who may be qualified, it is a good idea that they call the contractor to be sure they are interested in bidding, and to confirm that they have the qualifications to do the work. The goal is to obtain at least 3 bids, more if possible. Make the following points about using competition to obtain the best service and value:

Although all of us develop some level of self competition and strive to improve ourselves, we still need to expose ourselves to competition against others. Competition against others produces growth, and is a way to measure our knowledge and progress.

Here is a short story which provides a visual picture of competition:

Two men were hiking in the mountains when they came face to face with a bear. The bear was startled, the men were startled, and the bear got mad. In a flash the men got the heck out of there. They turned and began running down the mountain trail. Suddenly one man stopped, which caused the other man to stop.

“Why are you stopping?” asked one man.

“To put on my running shoes,” the other replied.

“Why? You can’t outrun the bear,” he countered.

“I Know,” his partner answered. “But all I have to do is outrun you!”

A good contractor will not shun competition. He knows it breeds taking personal responsibility for his company’s actions. It is healthy and educational. Sure, there is always a winner and a loser, and no one likes to lose, but without losses, setbacks and disappointments there would be no growth.

Competition gives contractors a chance to “find out what they are made of” and it pushes them to peak performance. Both the association and the contractor win in a competitive arena.

Ask the group how difficult it would be for them to find at least three bidders for the painting job they just discussed. Discuss this point for a couple of minutes and continue with the session.

Return to the topic of inviting contractors to bid and explain that a cover letter and the complete specifications should be sent or faxed to each interested company. The cover letter should include (show OH #6-9):

OH #6-9

- the name and phone number of the association's contact person;
- a little background on the association's decision to bid out for the work;
- a reasonable deadline for receiving written bids;
- a requirement that the contractor should include references with his proposal;
- an invitation to meet with the Executive Committee or representative to discuss the proposal, giving the date, time and location of the meeting;
- a decision date — when the association will decide to select a contractor.

Refer them briefly to p. 6-10 in their course books, "Inviting Contractors to Bid".

2. *Small Group Work* (20 minutes)

Say that once the bids are in, the job of comparing them should not be done by only one person. Generally, the Executive Committee or a committee of owners chosen by the Executive Committee should be involved. A proposal comparison chart is completed by reviewing each proposal, and listing the comparative factors for each proposal, so that the Committee can tell at a glance what the differences are in each proposal. This saves the Committee a great deal of time because they do not have to flip through all the proposals each time they have a question. Refer them to the end of this section of the session for two examples of proposal comparison charts. Ask them to find the Landscaping Proposals Comparison Chart and keep that page open.

Say that you would like to give them some practice in selecting bids. Ask them to work in the same small groups as before and to imagine that they are an Executive Committee, and their Property Manager has given them the completed Housekeeping Proposals Comparison Chart they just found in their course books. They must review the information and decide which company they will hire. Their current contract with Company 1 is due to expire in a few weeks. Company 1 gave them satisfactory service last

year, and the new contract price shown on the chart is 3% higher than last year. Ask them to work for 10 minutes on the following task (show OH #6-10):

OH #6-10

In your small group:

- **Read the Housekeeping Proposals**
- **Use a proposal comparison chart to identify which one you feel is the strongest.**

Be prepared to have one person from your group report your findings in the large group.

After they have finished their work, ask for the answers from their group work. Discuss their reasons for selecting one proposal over another. Ask them how this approach would work in their condominium association.

Make the following points on OH #6-11 about evaluating the bidders.

OH #6-11

- **Check out all references carefully.**
- **If possible, and if appropriate, visit properties or other customers of the contractor to see the level of service.**
- **Evaluate costs and other terms of their proposal to assure consistency with the specifications.**
- **If there is something in the proposal which is not clear, call the contractor.**
- **Conduct an interview, getting all questions answered, and allowing the contractor to present any other information which he believes makes his company the best qualified for the job.**

Refer participants to p. 6-11 in their course books, "Evaluating the Bidders".

Explain that in selecting the contractor, they should identify the one who seems best able to perform the required work within the time frame required, within the contract specifications, and the one with the best track record based on references and inspections, and all at a cost which the association can afford.

In evaluating the bids for a final decision, price is a crucial factor. If one bid is appreciably low compared to the others, it probably is not a good bid. A low price on a bid could result in greater expenses in the long run. The low bidder may have provided a price designed to make all other bids look out of line. The bidder may anticipate cutting corners to make his bid work, and the association will suffer. The low bidder may be forced to abandon the job midstream because of a cash flow problem.

Conversely, a bid that is noticeably higher is also an unlikely bet. The contractor either has built in an unreasonable profit margin, or simply does not understand what is involved in the job.

CONTRACT NEGOTIATIONS

1. *Paired Discussion* (15 minutes)

Explain that when a selection has been made, the association should promptly notify the contractors not selected, and thank them for their interest.

Then, a meeting should be arranged with the winning contractor to award him the contract and review the job. Every term of the contract and the specifications should be reviewed with the contractor. The whole purpose of this meeting is to make sure that all parties have a clear understanding of the job, when it is to start, the progress that the association expects and the terms of the contract regarding payment. If the association and the contractor are in disagreement of the terms at this meeting, the contract should not be awarded. If after more discussion there is still disagreement, the association should consider

one of the alternative bidders. Other items to clarify at this meeting include (show OH #6-12):

OH #6-12

- How many workers will be involved, and who will supervise them.
- Hours when the workers will be on-site.
- Where will supplies be stored.

Then ask them to read p. 6-13 in their course books, "The Association should have prepared a contract..." Ask for any clarifications or questions. Then ask them to pair up with the person next to them and discuss the elements which a contract to repaint the building should contain. (Show OH #6-13)

OH #6-13

With your partner:

- Utilizing the list of "The Association should have prepared a contract...", p. 6-13, create the elements which would be found in a contract to repaint your building.

Ask for a few examples of elements they designed. Then say that once a contractor is selected it pays to work hard to maintain a mutually satisfactory relationship. Here are a few tips for getting the most out of your contractor:

Close communication is the key to receiving satisfactory contract services. Regular meetings with the contractor or telephone calls go a long way towards preventing problems and keeping both parties happy.

An association should not anticipate getting any more than what is actually contained in the contract. Do not ask for special favors.

Be fair and understanding when dealing with the contractor and his employees. Complaints should be handled through proper channels. It does no good to reprimand a contractor's employee, it only leads to a feeling of ill will. Instead, submit any complaint to the employee's supervisor.

Say that these tips are on p. 6-14 in their course books.

2. **Reflection** (10 minutes)

Ask participants to think about and write down in their course books the answers to the following questions (show OH #6-14):

OH #6-14

Write down in your journal:

- What is the most important thing you learned about contracted services?
- What steps do you need to take in your condominium association with regard to contracted services?

Give them a few minutes to complete that and then ask for some examples of answers to the two questions. Answer any questions they might have and close this section of the session.

OH #6-1

The definition of "Contract" is "...an agreement between two or more parties, especially one which is written and enforceable by law..."

The definition of "Service" is "...the occupation or duties of a servant; or employment in duties or work for another..."

OH #6-2

Session Objectives

- Develop criteria for determining what services should be performed by outside contractors.
- Design a scope of work and develop specifications.
- Identify sources of qualified contractors, and develop the bid invitations.
- Discuss techniques for interviewing bidders, evaluating bids and selecting the best contractor.
- Identify the elements of a contract and effective contract negotiation techniques.
- Discuss how to get the most out of contractors through good communications.
- Learn the value of competition to get the best value and service from contractors.

OH #6-3

- A contract with the municipal company for maintenance service
- A contract with a private company for maintenance service
- A contract with a plumber to make a repair
- A contract with a private roofing contractor to replace or repair the roof
- A contract with a private company to keep the building and grounds clean
- A contract with an accountant to do an annual independent audit of the associations financial books
- A contract with an attorney to handle the serious delinquent accounts

OH #6-4

- What areas, components and services are most likely to receive the best service and value from outside contractors rather than using in-house employees?

OH #6-5

- **Unsatisfactory experience using the municipally-owned firm**
- **Unsatisfactory experience using in-house staff**
- **Legal requirements**
- **The investment**
- **Consider fiduciary responsibilities and using good business judgements**
- **The cost effective test and service to owners test**

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OH #6-6

Discuss this scenario in your small group:

- You want to set up a contract to repaint your building.
- What are 2-3 things you would want to be clear about in developing a scope of work for an outside contractor?

Have one person in your group ready to report out your answers.

OH #6-7

Discuss which of these specifications are appropriate and important in the Slovak context.

Have one person in your group ready to report out your answers.

OH #6-8

- The local government management organization.
- Individuals or groups of individuals who are or have worked for a government management organization, and decide to start their own company.
- Developers and construction companies who employ a maintenance staff to maintain the buildings they construct, and are interested in providing maintenance for other buildings as well.
- Former employees of construction companies who wish to use their specific skills to start their own maintenance and repair company.
- Individual craftsmen in the trades (carpentry, plumbing, electrical).

OH #6-9

- the name and phone number of the association's contact person;
- a little background on the association's decision to bid out for the work;
- a reasonable deadline for receiving written bids;
- a requirement that the contractor should include references with his proposal;
- an invitation to meet with the Executive Committee or representative to discuss the proposal, giving the date, time and location of the meeting;
- a decision date — when the association will decide to select a contractor.

OH #6-10

In your small group:

- Read the Housekeeping Proposals
- Use a proposal comparison chart to identify which one you feel is the strongest.

Be prepared to have one person from your group report your findings in the large group.

OH #6-11

- Check out all references carefully.
- If possible, and if appropriate, visit properties or other customers of the contractor to see the level of service.
- Evaluate costs and other terms of their proposal to assure consistency with the specifications.
- If there is something in the proposal which is not clear, call the contractor.
- Conduct an interview, getting all questions answered, and allowing the contractor to present any other information which he believes makes his company the best qualified for the job

OH #6-12

- How many workers will be involved, and who will supervise them.
- Hours when the workers will be on-site.
- Where will supplies be stored.

OH #6-13

With your partner:

- Utilizing the list of “The Association should have prepared a contract...”, p. 6A-13, create the elements which would be found in a contract to repaint your building.

OH #6-14

Write down in your journal:

- What is the most important thing you learned about contracted services?
- What steps do you need to take in your condominium association with regard to contracted services?
-

Session 7

Personnel Management

Time: 2 hours, 25 minutes

GETTING STARTED (5 minutes)

1. Welcome participants back and briefly explain that we want to move from managing contractors to managing full-time staff.
2. Review the session objectives. Show OH #6-1.

OH #6-1

Session Objectives

- Establish work requirements and needed skills for the staff positions you will most likely need to fill in your condominium.
- Develop clear job descriptions.
- Learn techniques for recruiting and hiring employees.
- Identify the necessary leadership, training, tools, and motivation you will need to maximize employee satisfaction and performance.
- Develop methods for dealing with employee discipline and performance problems.

WORK REQUIREMENTS AND JOB DESCRIPTIONS

1. *Large Group Discussion* (10 minutes)

Explain that you would like them to identify those tasks that may require full-time staff. Ask each person to write down on a piece of paper two or three positions that they think require full-time staff. When they have finished writing, ask for some examples and write them on a flip chart.

Expect answers such as the following:

- Janitorial/housekeeping employees
- A front desk concierge
- Maintenance employees
- Bookkeeper

Choose one or two to discuss and briefly ask them why they chose these positions.

Explain the following points (show OH #6-2):

OH #6-2

Decisions about:

- how many employees to hire,
- what their skill levels should be,
- whether the jobs should be full-time, part-time, temporary or permanent.

OH #6-3

Should be guided by:

- the complexity and the volume of work,
- the level of service the association leadership wishes to achieve.

2. **Group Activity (20 minutes)**

Indicate that the first step is to identify the goals of a particular function. Ask participants to think about housekeeping as an example. Explain that you want them to work in groups of three for five minutes to discuss the following (show OH #6-4):

OH #6-4

With your partners:

- Identify 2-3 goals for a housekeeper.
- Consider:
 - the buildings you live in
 - the level of service you want.

Be prepared to share your responses with the larger group.

Take a few examples of goals from the trios. After taking a few examples, clarify and elaborate on any points you feel need more attention by the large group. Refer them to the course book on page 7-12 to read a detailed description of the duties which a housekeeper may be asked to perform. Ask participants what they think of the list of duties.

Make the following points as appropriate.

- Your goals form the basis for a job description; therefore they need to be **realistic** — if they are not attainable it will lead to employee frustration and job dissatisfaction. The results will be poor performance and unhappy association owners.
- One of the best ways to determine how realistic the goals are is to try to do the job yourself. Take into account what an experienced employee could do (maybe faster than you might be able to) when you set goals for the position. Another advantage to doing the job yourself is that it will help you supervise the employee, since you have had that experience first hand.

3. **Summary of Key Points (15 minutes)**

Use the following overhead to summarize the key points regarding what needs to be considered in analyzing staffing requirements to reach your goals.

OH #6-5

<p style="text-align: center;">Analyzing Staffing Requirements</p> <p>Can these goals be reached without hiring a new employee?</p> <p>Is the need temporary or permanent?</p> <p>What will it cost the Association in salary and benefits?</p> <p>Does the level of service justify the cost?</p> <p>To whom will the new employee report?</p>
--

Refer to their course books, page 7-3, "analyzing staffing requirements needed to reach your goals", which contains the information on the overhead, plus a couple of other points.

Explain that they will need to develop a job description for each position, based on the goals and their analysis of staffing requirements. The job description:

- acts as an agreement between the employee and the association, documenting the obligations of each party;
- forms the basis for evaluating the employee's performance, giving the supervisor a tool for rewarding work well done and suggesting improvements in specific problem areas.

Refer them to the example of a job description on page 7-15 in their coursebooks. Ask them to read it individually for a couple of minutes. Then identify examples in the sample job description that demonstrate the points made above (obligations of each party, job aspects to evaluate) and ask participants for questions or comments.

HIRING NEW EMPLOYEES

1. ***Introduction*** (2 minutes)

Explain that the work they will have done on job descriptions will help them in the hiring process. The time and effort they put into this process is a worthwhile investment, making their jobs much easier by increasing their chances of getting the right person for the job.

2. ***Paired discussion*** (12 minutes)

Say that you would like them to think about the steps in the hiring process. Ask people to turn to the person next to them and discuss the following for 2–3 minutes (show OH #6–6):

OH #6–6

With your partner:

- Identify 4–5 steps for hiring a new employee

Be prepared to share your responses with the larger group.

Take a few examples. Refer them to page 7-4 in their course books, "Steps in the Hiring Process", and ask them to read it.

Ask if they have any clarification questions. Note briefly the ones they already identified in their duos. Then spend time as appropriate explaining one or two points you feel are particularly important.

3. ***Discussion of Additional Resources*** (6 minutes)

Finally, refer them to some additional resources in the coursebook on pages 10-18 and 10-19, "Sample Interview Questions" and "Outline for an Employee Manual". Indicate that these are tools for their use, and that they may adapt them to their particular situation. Emphasize how important it is for them to set up procedures that are consistent, and to document them. The manual serves that purpose: it should keep employees informed on the

association's regulations and policies and give supervisors the support they need to enforce those policies.

4. **Reflection** (5 minutes)

Ask participants to think about and write down in their notebooks what was the most important thing they learned from the discussions on work requirements, job descriptions, and hiring new employees. What questions do they have regarding this material.

Give them a few minutes to complete that and then ask for some examples of what people thought was most important. Answer any questions they might have.

BREAK (10 minutes) Take a brief stretch break.

EMPLOYEE PERFORMANCE AND SATISFACTION

1. **Introduction** (10 minutes)

Explain that in this session you want to discuss how to obtain the best results from employees while ensuring that they are satisfied with their job. Ask participants to work in groups of three for five minutes to answer this question (show OH #6-7):

OH #6-7

What do you think employees need most from their supervisors or managers in order to perform well?

Please identify positive actions.

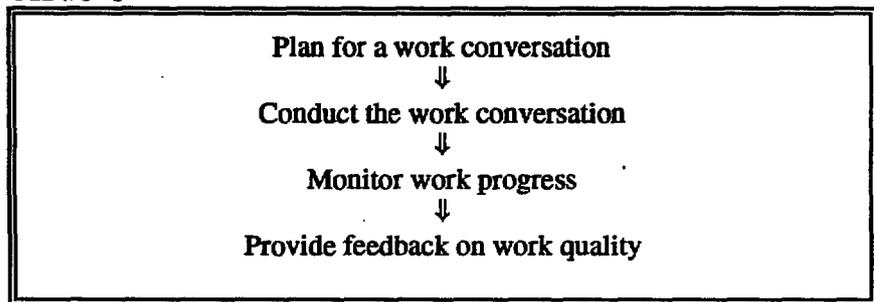
Ask for one example from each trio and write the answers on a flip chart. Encourage them to use positive language, such as "he/she should" instead of "he/she should not". Expect answers such as the following:

- Treat them fairly.
- Give clear work instructions.
- Provide resources to do the work.

- Listen.
- Help solve problems.
- Be positive.
- Be flexible.
- Pay people on time.
- Provide feedback on performance.
- Explain why they need to perform a task.
- Help them feel their contribution is important.
- Be appreciative – saying “thank you” for work well done.

Thank them for their contributions. Explain that all of those aspects are important. Typically, the relationship with an employee consists of a series of work conversations about various tasks you would like them to perform. It is during these conversations that the supervisor needs to send the clear and positive messages mentioned above. In order to cover as many of these messages as possible, you may want to think of the following model (show OH #6-8):

OH #6-8



2. **Presentation and Group Discussion** (10 minutes)

In the first step, planning for a work conversation with an employee, it is important to think of answers to the following questions (show OH #6-9):

OH #6-9

For whom the work is being done:
Association members whom you want to satisfy

Why the work needs to be done:
Health and sanitation (cleaning)
Safety (maintenance of boilers, etc.)
Economy (maintenance, etc.)

Explain how important it is to always have the owners (client) in mind. Employees need frequent reminders of whom they need to satisfy and how the owners will benefit from the employee's work. It keeps people motivated and gives them a sense of importance in the work they do, no matter how routine or menial it may appear.

Another aspect of planning is to think about the task to be performed by answering the following questions (show OH #6-10):

OH #6-10

- What is the task?
- How best can it be done (quality standards)?
- Who is best qualified to do it (job description)?
- Who is available?
- When does it need to be done?
- How will you check on progress?

Identify an example of a typical housekeeping task, and ask participants to provide answers to these questions, thinking of their own experience. Take a few answers, then say we are now ready to have the conversation with the employee. Give the following model for conducting a conversation (show OH #6-11):

OH #6-11

- | |
|---|
| <ol style="list-style-type: none">1. State what the task is.2. Why the task is important, and its priority.3. Solicit questions as you proceed; get input, agreement.4. Reach agreement on quality, time line and support needed.5. Clarity on next steps and how the work will be monitored. |
|---|

Explain that in order to verify that your instructions are clear, it is important that the conversation be two-way instead of all one way, which is why step 3 above is very important. Refer them to the more detailed explanation in their course books. Answer any questions they may have.

3. ***Presentation and Group Discussion*** (15 minutes)

Ask participants why is it important to monitor work progress. Expect answers such as:

- To make sure the work is being done properly.
- To provide support where needed.
- To gain a better understanding of the work to be done.
- To be aware of possible problems the employee might face.
- To show the employee you are interested in his work.
- To collect information useful for a performance

feedback conversation.

Then ask how can one monitor work. Expect answers such as:

- Walking around the building and grounds on a regular basis.
- Greeting people when they come to work, or talking to them at the end of the day, asking how things are going, what is working well, what problems they see.
- Meetings set up during the work conversation to check progress.

Then explain the following (show OH #6-12):

OH #6-12

Good monitoring:

- Is built on agreements made as a part of the work conversation, and is tied to the performance of those agreements. It is not a surprise.
- Is a "two-way street." You are open to be checked with, as well as to be the "checker."
- Is regular, consistent, and timely.
- Is planned.

4. **Group Discussion** (30 minutes)

Say that performance feedback is a critical step to ensuring good employee performance and mutual satisfaction. It often becomes the basis for agreements about future performance. It therefore needs to be given frequently, with attention given to opportunities for positive feedback as well as to corrective feedback. Too often we only see and talk about what people are doing wrong, and we forget to see and talk about what people are doing right. Explain what performance feedback is. Show OH #6-13.

OH #6-13

Feedback is:

Giving someone specific, descriptive information about their behavior and its impact — both positive and negative.

Give participants a minute to reflect on any incident in the past when a supervisor gave them either positive or negative feedback, or they gave an employee positive or negative feedback. Get several volunteers to share the specifics of these incidents and tell how they felt about it. What could have been done differently or better?

Say that when giving performance feedback it is important to focus on specific performance, and not the person. Therefore, avoid using judgmental language, such as “that was a stupid thing to do”, or even “you are a nice person”.

Ask participants what is wrong with those statements. If necessary, explain that the first statement gives the impression you think the person is stupid, and will get a defensive or negative reaction. The second one is not specific and may not come across as sincere.

Give an example of how to deliver a feedback message.
Show OH #6-14.

OH #6-14

A complete feedback message has three parts:

- 1) Describe action or behavior — what the person did.

"When you responded quickly and enthusiastically to the emergency...."

- 2) Describe the impact on people.

"...it really comforted both me and her (the Association member)..."

- 3) Say what the result or consequence of the behavior and its impact was/is.

"...as a result her problem was solved quickly and cheaply and she now has much more confidence in our services ."

Say that was an example of a positive message. Here is a corrective message. Show OH #6-15.

OH #6-15

"When you responded slowly to the emergency and you acted unhappy about it, your response angered me and caused her (the member) to be very anxious...as a result the problem got worse, cost a lot more money, and she has lost confidence in our services."

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Say that there are some good guidelines to follow any time you must give an employee constructive criticism: (show OH #6-16):

OH #6-16

- State the problem you have with the employee's performance and the facts surrounding the incident or poor performance, then listen to the employee's perspective of why things went wrong.
- Explain how his poor performance affects the overall operation, explaining its impact on everyone who will be affected (owners, other employees, the manager, the budget, etc.) Get agreement from the employee that there is a problem.
- Explain the consequences which may occur if the poor performance should continue.
- Ask the employee to help find a solution. Come to an agreement of steps he will take to prevent further problems or improve his performance.

5. **Reflection** (5 minutes)

Ask participants to think about and write down in their notebooks what was the most important thing they learned from the discussions about employee performance and satisfaction. What questions do they have regarding this material.

Give them a few minutes to complete that and then ask for some examples of what people thought was most important. Answer any questions they might have.

OH #6-1

Session Objectives

- Establish work requirements and needed skills for the staff positions you will most likely need to fill in your condominium.
- Develop clear job descriptions.
- Learn techniques for recruiting and hiring employees.
- Identify the necessary leadership, training, tools, and motivation you will need to maximize employee satisfaction and performance.
- Develop methods for dealing with employee discipline and performance problems.

OH #6-2

Decisions about:

- how many employees to hire,
- what their skill levels should be,
- whether the jobs should be full-time, part-time, temporary or permanent.

OH #6-3

Should be guided by:

- the complexity and the volume of work,
- the level of service the association leadership wishes to achieve.

OH #6-4

With your partners:

- Identify 2–3 goals for a housekeeper.
- Consider:
 - the buildings you live in
 - the level of service you want.

Be prepared to share your responses with the larger group.

OH #6-5

Analyzing Staffing Requirements

Can these goals be reached without hiring a new employee?

Is the need temporary or permanent?

What will it cost the Association in salary and benefits?

Does the level of service justify the cost?

To whom will the new employee report?

OH #6-6

With your partner:

- Identify 4-5 steps for hiring a new employee

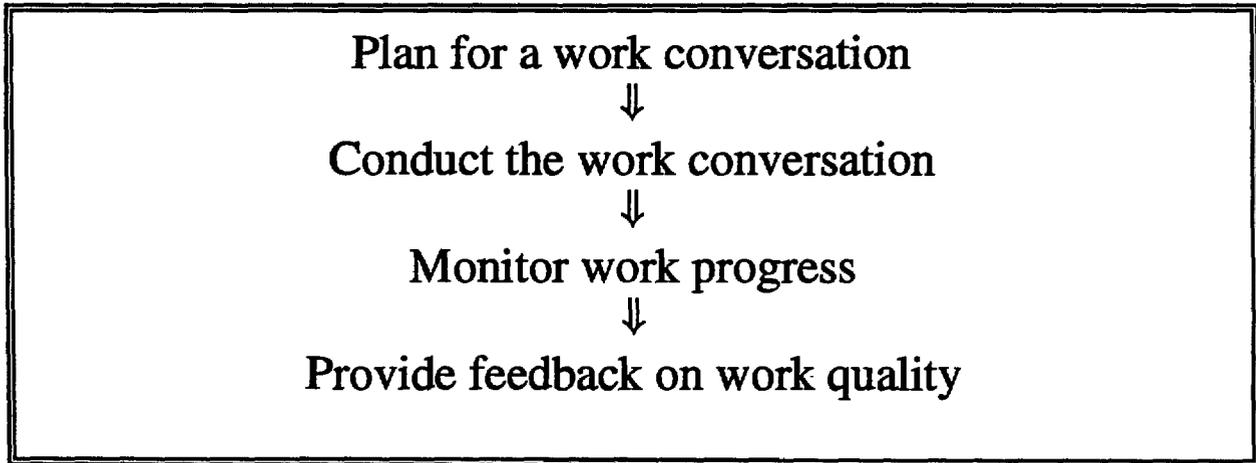
Be prepared to share your responses with the larger group.

OH #6-7

What do you think employees need most from their supervisors or managers in order to perform well?

Please identify positive actions.

OH #6-8



OH #6-9

For whom the work is being done:
Association members whom you want to satisfy

Why the work needs to be done:
Health and sanitation (cleaning)
Safety (maintenance of boilers, etc.)
Economy (maintenance, etc.)

OH #6-10

- What is the task?
- How best can it be done (quality standards)?
- Who is best qualified to do it (job description)?
- Who is available?
- When does it need to be done?
- How will you check on progress?

OH #6-11

1. State what the task is.
2. Why the task is important, and its priority.
3. Solicit questions as you proceed; get input, agreement.
4. Reach agreement on quality, time line and support needed.
5. Clarity on next steps and how the work will be monitored.

OH #6-12

Good monitoring:

- **Is built on agreements made as a part of the work conversation, and is tied to the performance of those agreements. It is not a surprise.**
- **Is a "two-way street." You are open to be checked with, as well as to be the "checker."**
- **Is regular, consistent, and timely.**
- **Is planned.**

OH #6-13

Feedback is:

Giving someone specific, descriptive information about their behavior and its impact — both positive and negative.

OH #6-14

A complete feedback message has three parts:

- 1) Describe action or behavior — what the person did.

"When you responded quickly and enthusiastically to the emergency...."

- 2) Describe the impact on people.

"...it really comforted both me and her (the Association member)..."

- 3) Say what the result or consequence of the behavior and its impact was/is.

"...as a result her problem was solved quickly and cheaply and she now has much more confidence in our services ."

OH #6-15

“When you responded slowly to the emergency and you acted unhappy about it, your response angered me and caused her (the member) to be very anxious...as a result the problem got worse, cost a lot more money, and she has lost confidence in our services.”

OH #6-16

- **State the problem you have with the employee's performance and the facts surrounding the incident or poor performance, then listen to the employee's perspective of why things went wrong.**
- **Explain how his poor performance affects the overall operation, explaining its impact on everyone who will be affected (owners, other employees, the manager, the budget, etc.) Get agreement from the employee that there is a problem.**
- **Explain the consequences which may occur if the poor performance should continue.**
- **Ask the employee to help find a solution. Come to an agreement of steps he will take to prevent further problems or improve his performance.**

Session 8

Developing and Enforcing Rules

Time: 1 hour, 15 minutes

GETTING STARTED (15 minutes)

1. Welcome participants back. Ask them for some examples of rules that residents in their associations are expected to respect. Get a few examples. Then ask why those rules exist. Get a few responses. Expect responses such as preserving the quality of the property, respecting their neighbors' rights, keeping maintenance costs down, etc. Then ask what are some typical violations of rules that they encounter. Again, take a few answers.

Explain that each condominium association has its own unique set of characteristics, not only the physical aspects of the buildings, but where it is located, as well as the demographics of its residents. Securing a peaceful living environment and an attractive building and grounds may require different measures depending upon the unique characteristics of the association. The condominium Association Agreement may give the association direction on how to govern or manage itself, but it usually does not offer owners and residents the day-to-day rules they need.

2. Review the section objectives. Show OH #8-1.

OH #8-1

Section Objectives

- Identify approaches for the Executive Committee to develop and adopt reasonable rules which will preserve and enhance residents' quality of life and protect and enhance the value of the property.
- Discuss ways of obtaining the greatest possible cooperation from owners in obeying rules.
- List procedures for dealing with those who violate rules, from the friendly reminder, to an official hearing before the Executive Committee.

ADOPTING RULES

1. Small Group Discussion (40 minutes)

Note that the need for rules governing apartment living is not something many people have to be convinced about. However, these rules need to make sense to a majority of owners and should avoid being excessive and/or unenforceable. There are some guidelines that you may use that will lead to better cooperation by owners in complying with the rules. Explain the steps to take before adopting new rules.

OH #8-2

1. Give each proposed rule the “test of reasonableness” as follows:
 - Will most owners will be able to comply?
 - Is the rule too drastic in scope?
 - Is the rule designed to benefit a majority of owners?
2. Notify owners in writing well in advance that the board is considering a given rule, give them a copy and explain why the rule is being proposed. Give them a forum to comment.

Refer participants to page 8–3 in their course books, “Steps to take before adopting new rules” (including the sample letter to residents). Ask them to read them and ask for any clarification questions.

Explain that most associations begin with a basic set of rules, often titled “Use Restrictions for the Common Areas.” Explain that you would like them to work in small groups to practice applying the test of reasonableness to a basic set of rules. These rules are in their course books on page 8-8, entitled “Sample: Use of Units and Common Elements.” Divide up the rules beginning with Roman Numeral I, assigning an evenly divided set to each small group. Give them the following task (show OH #8-3):.

OH #8-3

With the others in your small group:

- Read the set of rules assigned to your group.
- Choose 2–3 you would like to discuss.
- Based on your own experiences, apply the “test of reasonableness” to each rule, and decide which ones would work in your association and which ones would not. Be ready to explain your reasons.

Have one person in your group ready to report out the answers.

Give them 20 minutes for this task. After they have finished, ask each group to report out briefly.

RULES ENFORCEMENT PROCEDURES

1. Large Group Discussion (15 minutes)

Ask, why do people fail to comply with rules? Take a few answers. Then explain that often people do not know about the rule, or did not understand the impact they had in violating the rule. So communication is the key to cooperation. Here are four steps to good communication (show OH #8-4):

OH #8-4

Communicate:

- Early
 - Honestly
 - Completely
 - In a Positive Manner

Explain that the first step is to communicate either in person or over the phone with a friendly conversation, explaining the problem, why it is a problem, and listening to their side of the

story. Many times this is all that is needed. But do it early, and never in anger. Ask participants what happens when they approach people with anger in their voice, or with a reproachful tone. Add to their answers that people do not want to feel as though they are being scolded or treated as children, and that a respectful tone will often be much more effective, both for the problem at hand, and for your long-term relationship with them.

Explain that it is important to be fair and consistent in order for the enforcement of rules to be effective. Therefore, every person who violates the rules should be treated in the same manner, with the same due process procedures. Ask people to read page 8-13 in their course books, "Using due process when enforcing rules". Ask if they have any clarification questions.

2. Small Group Discussion (30 minutes)

TRAINER'S NOTE: Use flip chart here.

Ask participants for some typical examples of rules violations they have seen. List them on a flip chart. Explain that you would like to give them an opportunity to practice holding a conversation with an owner who has violated a rule. Then ask them in their small groups to do the following (show OH #8-5):

OH #8-5

In your small group:

- **Identify a violation from the flip chart you would like to discuss.**
- **Ask for a volunteer to play the role of the Executive Committee member responsible for dealing with residents who violate rules. The others will play the role of owners who have violated the rule in question.**
- **Each volunteer Committee member has a conversation with an owner.**
- **The others in the group observe and take notes as to the Committee member's choice of words and the tone of voice, taking into account the reaction of the owner.**
- **The observers give feedback to the person playing the manager.**
- **Continue with another practice session on a different violation, time permitting.**

Give them 15 minutes for this task. After they have finished, ask them what worked well and what was difficult with this exercise

3. Reflection (10 minutes)

Ask participants to think about and write down in their notebooks the answers to the following questions (show OH #8-6):

OH #8-6

Write down in your journal:

- What is the most important thing you learned about developing and enforcing rules?
- What steps do you need to take in your condominium association with regard to developing and enforcing rules?
- What behaviors will you be particularly attentive to when enforcing rules?

Give them a few minutes to complete that and then ask for some examples of answers to the two questions. Answer any questions they might have and close the session.

OH #8-1

Session Objectives

- Identify approaches for the Executive Board to develop and adopt reasonable rules which will preserve and enhance residents' quality of life and protect and enhance the value of the property.
- Discuss ways of obtaining the greatest possible cooperation from owners in obeying rules.
- List procedures for dealing with those who violate rules, from the friendly reminder, to an official hearing before the Executive Board.

OH #8-2

1. Give each proposed rule the “test of reasonableness” as follows:
 - Is it likely that owners will be able to comply with the rules?
 - Is the rule too drastic in scope?
 - Is the rule designed to benefit the majority of owners?
2. Notify owners in writing well in advance that the board is considering a given rule, give them a copy and explain why the rule is being proposed. Give them a forum to comment.

OH #8-3

With the others in your small group:

- **Read the set of rules assigned to your group.**
- **Choose 2–3 you would like to discuss.**
- **Based on your own experiences, apply the “test of reasonableness” to each rule, and decide which ones would work in your association and which ones would not. Be ready to explain your reasons.**

Have one person in your group ready to report out the answers.

OH #8-4

Communicate:

- **Early**
 - **Honestly**
 - **Completely**
 - **In a Positive Manner**

OH #8-5

In your small group:

- **Identify a violation from the flip chart you would like to discuss.**
- **Ask for a volunteer to play the role of a property manager. The others will play the role of owners who have violated the rule in question.**
- **Each volunteer manager has a conversation with an owner.**
- **The others in the group observe and take notes as to the manager's choice of words and the tone of voice, taking into account the reaction of the owner.**
- **The observers give feedback to the person playing the manager.**
- **Continue with another practice session on a different violation, time permitting.**

OH #8-6

Write down in your journal:

- **What is the most important thing you learned about developing and enforcing rules?**
- **What steps do you need to take in your condominium association with regard to developing and enforcing rules?**
- **What behaviors will you be particularly attentive to as a property manager when enforcing rules?**

Session 9

Communications

Time: 1 hour, 45 minutes

GETTING STARTED (5 minutes)

1. Welcome participants back and let them know that the techniques learned in this session will enhance the success rate of every program and effort in their condominium association, including every system learned in previous and future sessions of this course.
2. Explain that this session will be focusing on communication and the importance of having a communications program. Show OH #9-1.

OH #9-1

Session Objectives

- Introduce the idea that a condominium association should develop a communications program.
- Demonstrate the benefits of such a program.
- Provide the procedures, tools and tips to help associations get started with a plan for their community tomorrow.

DEMONSTRATION OF COMMUNICATION

1. *Introduction* (5 minutes)

Explain that we want to demonstrate two different types of communication; one way communication and two way communication.

Ask for a volunteer to help you. Reassure the volunteer that he will not be embarrassed. The volunteer will be called the instructor, and will be giving instructions to people so that they will be able to complete an assignment.

TRAINERS' NOTE: You will need to have the instructor's

forms (entitled Chart I and Chart II) ready and the chart for recording the time it takes to do the task and the accuracy predictions. Draw a large version of the chart on a flip chart in advance. These forms and chart are found at the end of this session.

2. **Instructions (10 minutes)**

Ask participants to take out a clean sheet of notebook paper and pencil. Give them the following instructions (show OH #9-2):

OH #9-2

The instructor will give you directions for drawing a series of squares. Draw the squares on paper exactly as the instructor tells you. You may not ask questions or make any audible remarks during the exercise. Simply draw your own squares without speaking or looking at anyone else.

Allow two minutes for the instructor to study the arrangement of the squares in Chart I. Then, ask the volunteer instructor to turn his back to the group, and begin giving instructions for the drawing. Remind the group to draw as quickly and accurately as they can, without asking any questions.

TRAINER'S NOTE: Be prepared to time both round one and round two of this exercise as described below.

3. **Recording Results of Round One (5 minutes)**

Time how long it takes the instructor to complete the instructions and put the total on the (flip chart) chart for Recording Time and Accuracy next to Round One.

Chart for Recording Time and Accuracy

	Time	Total No. Estimated Correct Squares	Total No. Actually Correct Squares
Round One			
Round Two			

Ask each participant to estimate the number of squares he has drawn correctly, add up all the estimates given by the participants and put the total on the chart beside Round One.

4. **Round Two** (10 minutes)

Repeat the exercise, using Chart II, but explain to participants that during this round they will be able to ask questions and seek clarification from the instructor.

Give the volunteer instructor Chart II and allow him to face the group and respond to questions during the drawings. Stress to the participants that they may ask any questions they wish for clarification. Be sure to time how long it takes for round two, and put the time on the chart under Round Two.

Have participants estimate how many squares they have drawn correctly in this round of the exercise, and record the total estimates on the chart.

5. **Correct Diagrams** (5 minutes)

Thank the volunteer instructor, and pass around Chart I and Chart II and ask the participants to count the ACTUAL number of squares they drew correctly. Record the total number of correct squares on the chart.

6. **Group Discussion** (15 minutes)

Lead a large group discussion of the exercise by asking the following questions:

- A. How did you feel during the first exercise? What was your reaction to how accurate you actually were?
- B. What made it easier to complete the second exercise? How did this affect your confidence? How did you feel towards the instructor?
- C. What have you learned about communication from this exercise?

TRAINER'S NOTE: You are looking for responses on the importance of asking questions in order to increase understanding and confidence in ability to do what is desired. Typically, participants feel frustrated in the first round because they are not allowed to ask questions and their final product is inferior to round two. The similarity is to one-way communication where the receiver of the information cannot ask questions or respond to the giver of the information. This might be parallel to written newsletters, memos or lectures where people are not encouraged to ask questions.

7. **Lessons Applicable to Associations** (5 minutes)

Building on the previous discussion ask participants to identify how this exercise might be similar to situations where owners, Executive Committee members, and property managers have to communicate.

Ask participants what they think is most important to remember about communication. Tell them to write themselves some notes in the participants' course books.

TYPES OF COMMUNICATION

1. Ask participants to list the various ways owners and Executive Committee members can communicate with each other.
2. *Summarize* (5 minutes)

Refer participants to the chart on page 9-3 of their course books to briefly summarize the four types of communication. Stress the point that listening is the first type of communication to use if you want to be understood when you communicate. Show OH #9-3.

OH #9-3

The four basic types of communication are:

Speaking, Reading, Writing, and Listening

3. *Seek to Understand* (5 minutes)

Briefly underscore the lesson taught on page 9-4 of the participants' course books, entitled "Seek First to Understand; Then to be Understood" to stress the benefits of listening first.

Explain that a wise Executive Committee wants to get the opinions of owners and therefore they need effective ways to hear from the owners.

4. **Ways of Listening**

Recap that there are five ways to hear from owners (show OH #9-4):

OH #9-4

Suggestion Box

Resident Questionnaires

Open Forums at Board Meetings

Question and Answer Columns in Newsletter

Unit Owner Surveys

5. **Group Discussions (20 min.)**

Divide participants into five groups and assign each group one of the methods. Then give them the following task (show OH #9-5):

OH #9-5

Locate the information and samples of your assigned topic in your course book on page 9-5. Study the information and samples of your topic to get a clear understanding of its content and meaning.

Discuss with your group and be ready to answer the following questions to the larger group:

1. What would you need to use this method?
2. What advantages are there to using this method?
3. What disadvantages are there?
4. What advice would you give anyone wanting to use this?

6. **Reports from Groups (15 minutes)**

Have each group report on their discussions. After each presentation, ask if there are any clarifying questions or additional comments that participants want to make. Be sure to add any comments you think need to be stressed.

7. **Communicating in Writing (5 minutes)**

Explain that as we discussed earlier written communication is a means of one-way communication where the reader does not have a chance to ask questions and he forms opinions from the way the message is written and delivered as much as the contents. Use the following flip chart to explain the importance of communicating early, honestly, completely, and positively (show OH #9-6):

OH #9-6

<p style="text-align: center;">Guideposts to Good Communication</p> <p>Communicate Early</p> <p>Communicate Honestly</p> <p>Communicate Completely</p> <p>Communicate In a Positive Manner</p>

8. **Written Notice to Residents (15 minutes)**

Refer participants to page 9-8 of their course books and ask them to read the notice to "All Residents".

Divide participants into groups of three and ask them to discuss the following (show OH #9-7):

OH #9-7

Pretend you live in the building and you just saw the notice in the elevator. You cannot make the meeting tonight but you definitely have opinions on this issue.

What would your reactions be to this notice?

What do you think will happen at the Executive Committee meeting tonight?

You have 5 minutes.

Ask some of the trios to share their reactions and then discuss what contributed to these reactions and what they would like to do differently if they were going to post an announcement and use the four guideposts of good communication.

TRAINER'S NOTE: You want participants to identify things like more advance notice, more positive wording.

Refer participants to page 9-10 of their course books to look at a sample of the same notice which was rewritten. Have them assess how it reflects the four guideposts of good communication. Show OH #9-8.

OH #9-8

Review the information and sample materials on this method which are found on pages 9-8 – 9-10 in the course book.

Identify 1–3 key facts about this method that you would like others to know.

Be prepared to share this with the others.

You have 15 minutes.

OTHER FORMS OF COMMUNICATING (5 minutes)

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1. Show OH #9-9 and briefly describe the numerous other forms of communicating in an association.

OH #9-9

Newsletters
Individual Correspondence
Community Resident Directory
Rules and Regulations
Welcome Letter
Resident Handbook
Committee Interest Form

Explain that instead of presenting a lecture on each of these sample materials, they are being provided in the course book for their review.

WRAP-UP (5 minutes)

Ask one or two participants if they can think of any specific incidents in their associations where good communications made a difference, or where one of the methods taught here today would have been useful to obtain better results.

Ask for any final questions, and wrap-up the session.

OH #9-1

Session Objectives

- Introduce the idea that a condominium association should develop a communications program.
- Demonstrate the benefits of such a program.
- Provide the procedures, tools and tips to help associations get started with a plan for their community tomorrow.

OH #9-2

The instructor will give you directions for drawing a series of squares. Draw the squares on paper exactly as the instructor tells you. You may not ask questions or make any audible remarks during the exercise. Simply draw your own squares without speaking or looking at anyone else.

OH #9-3

The four basic types of communication are:

Speaking, Reading, Writing, and Listening

OH #9-4

Suggestion Box

Resident Questionnaires

Open Forums at Executive Committee Meetings

Question and Answer Columns in Newsletter

Unit Owner Surveys

OH #9-5

Locate the information and samples of your assigned topic in your course book on page 9-5. Study the information and samples of your topic to get a clear understanding of its content and meaning.

Discuss with your group and be ready to answer the following questions to the larger group:

1. What would you need to use this method?
2. What advantages are there to using this method?
3. What disadvantages are there?
4. What advice would you give anyone wanting to use this?

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OH #9-6

Guideposts to Good Communication

Communicate Early

Communicate Honestly

Communicate Completely

Communicate In a Positive Manner

OH #9-7

Pretend you live in the building and you just saw the notice in the elevator. You cannot make the meeting tonight but you definitely have opinions on this issue.

What would your reactions be to this notice?

What do you think will happen at the Executive Committee meeting tonight?

You have 5 minutes.

OH #9-8

Review the information and sample materials on this method which are found on pages 9-8 – 9-10 in the course book.

Identify 1–3 key facts about this method that you would like others to know.

Be prepared to share this with the others.

You have 15 minutes.

OH #9-9

**Newsletters
Individual Correspondence
Community Resident Directory
Rules and Regulations
Welcome Letter
Resident Handbook
Committee Interest Form**

Session 10

Developing the Management Plan

Time: 2 hours, 15 minutes

GETTING STARTED (10 minutes)

1. Welcome participants back. Explain that this session is designed to provide the steps necessary to develop a valuable tool: the Management Calendar of Events. Explain that the earlier session on Communications is an important foundation for this session. Developing a management plan requires using effective two-way communication skills. It involves meeting with people in large and small groups, giving clear explanations of the planning process among other things, and listening carefully to what Executive Committee members and other owners have to say.

The purpose of this session is to provide the procedures for conducting a management planning session in a condominium owners' association, and for creating a comprehensive Calendar of Events for the Executive Committee to follow.

2. Review the session objectives. Show OH #10-1.

OH #10-1

Session Objectives

- Demonstrate purpose and benefits of good planning in a condominium owners' association.
- Discuss the process of long-term planning through a planning/goals session; identify the roles of the Executive Committee and owners in the process.
- Develop a final product of the planning/goals session: a comprehensive Management Calendar of Events.

THE PLANNING TEAM

1. *Large Group Discussion* (15 minutes)

Explain that management is defined as "the process by which individuals and group efforts are coordinated so as to achieve pre-determined goals." An association must establish and understand its goals in advance and have a plan to direct all effort towards achieving the goals, if it is to fulfill its mission.

The first task of a governing body of any organization is to establish goals, outline the policies that will be the guidelines to accomplish the goals, and approve procedures and tasks that will carry out the policies. This is known as the planning process.

The Executive Committee is the association's governing body with the authority to initiate and lead the planning sessions which will be introduced in this session.

Establishing the standards for services, setting goals, and then adopting policies and tasks to reach the goals — these are the elements of good planning, and a team effort is required to achieve the best results. The team consists of (show OH #10-2):

OH #10-2

The Planning Team

- The Executive Committee
- Any management staff
- Committee members and other Owners.

Refer participants to the concept of the "Resident Questionnaire" discussed on page 9-5 of the Communications session in their course books. Ask them to reflect on it briefly and give them a minute or two to do this.

2. **Pairs Discussion** (15 minutes)

Ask participants to discuss with the person sitting next to them the following questions. Show OH #10-3.

OH #10-3

You are two board members preparing a resident questionnaire. You hope the answers on this questionnaire will tell you what improvements the owners' would most like to see in the condominium owners' association.

How would you word a question to encourage owners to share their concerns and desires?

Write a question you would include on the questionnaire, and be prepared to share your question with the group.

After they have finished discussing with their partner, ask for a few examples of the questions they wrote.

Stress that the purpose of this exercise was to emphasize the importance of getting input from owners early in the planning process.

PREPARING FOR A PLANNING SESSION

1. **Small Group Discussion** (20 minutes)

Explain that to prepare for a planning session the Executive Committee and any committee chairpersons hold a meeting, and create an initial list of priority issues they believe the association should address; these will be the major agenda items addressed in a planning session. The list may look like this: (Distribute Handout #10-1.)

Handout #10-1

- Replace elevator #2.
- Improve quality of maintenance and housekeeping service.
- Repair roof.
- Improve communication with owners.
- Deal more effectively with delinquent owners.
- Replace defective hallway lights.
- Develop unused basement space into income-producing commercial lease space.
- _____
- _____
- _____

Tell participants that we will come back to this list and add to it in a few minutes.

Explain that the next step is sending a questionnaire to all owners advising them that the Executive Committee will conduct a long term planning session on a certain date, and providing them with the initial list of issues. Owners are asked to list any other association issues which are important to them, and to provide their list to the Committee in advance of the planning session.

Emphasize that, of course, not every item on the list will be accomplished, but the planning session will provide the forum for a thoughtful decision-making process for prioritizing the goals.

Ask everyone to take a minute or two to consider the building they work or live in, and be ready to name the one thing they personally would most like to see improved, and be prepared to explain to the group how they believe this improvement would impact positively on a majority of owners. Ask them not to select something that is already on the sample list.

TRAINER'S NOTE: Use flip chart here. If there are a large number of participants in the class, have them do the above exercise in pairs instead of individually.

After giving them a few minutes to think of this, get their answers and list them on the flip chart. Make sure they explain why they think their suggested improvement should be a priority. Then, explain that you would like to take three of the items from the flip chart and add them to the list passed out earlier. This list will then be used in a few minutes when we will practice the planning and conduct of a planning session. Ask all participants to come to the flip chart with their pen or pencil and put an "x" beside three items on the chart which they believe should take priority in an association's plans based on the explanations given. They may not mark more than three. Find the three issues which received the most votes, and ask everyone to add these to the handout list.

2. **Large Group Discussion** (10 minutes)

Explain that in a few minutes we will have a short working session to simulate the work done in an association planning session to tackle this list. But first, you would like to go over a few points.

First Point: Explain that generally, little will be accomplished at the planning session if too many people participate, but the Executive Committee should invite a limited number of owners who have been active in the community or have expressed interest in volunteering. During the planning session it will be necessary to break out into small working groups to discuss the issues, and you will need enough people to do this. This should be explained in the questionnaire and owners may sign up if they wish to volunteer to participate in the planning session. Some Executive Committees have established committees such as the Finance, Communications, and Maintenance Standards. The chairpersons of these committees should participate.

Second Point: Almost everything discussed at a planning session will cost money, so the Planning Session must be tied to the Budget Process. Schedule the session a month or two in advance of the preparation of the association's

next budget. Of course, every issue discussed will not be funded, but the time to discuss this is before the budget is developed.

Third Point: All Executive Committee members should plan to attend and participate in the planning session. In particular, the association treasurer should prepare for the session by reviewing the financial condition of the association, and should be prepared to answer questions as to what budget categories would be used to pay for proposed repairs or improvements, and what the current and projected funding is for the category.

3. ***Large Group Work*** (45 minutes)

Explain that although it would take too long to simulate an entire planning session, assure participants that the steps for conducting a planning session are provided in their course books. At this time you would like for them to practice one element of the planning session, where the Executive Committee and owners look at a list of the important issues, and narrow their sights on the issues they will tackle in the coming 12 months. The purpose of this exercise is to practice working together to get a consensus.

----- Ask the participants to pretend that they are all owners in a 100 unit condominium building attending the condominium's annual planning session. Explain that everyone may participate as an owner, but call for seven volunteers to play the following specific roles.

ROLES: (1) Association President; (2) Association Treasurer; (3) Chairperson of the Maintenance Standards Committee, (4) Chairperson of the Communications Committee, (5) a senior citizen owner who is attending the planning session because she wants to convince the Executive Committee to do something about the many broken hallway light fixtures, (6) a representative of the local municipality representing the 20 units they own.

Explain that the meeting has just been called to order, and that they have 30 minutes to meet one objective: agree on which items on the list for the association to accomplish this year.

Ask the volunteer Association President to preside over the meeting. Ask the President to read aloud for everyone his "speech" which states the purpose of the planning session.

TRAINER'S NOTE: This speech is found on page 10-6 of the participants hand book, but you should have made a copy ahead of time to give the volunteer President.

After he has finished reading the speech, stress key points that were made. Explain that these points will be the rules to be followed during this activity:

1. Focus on where the association wants to be one, two and three years from now.
2. Look at the list and narrow our sights on as many issues as we think we can begin to address this year.
3. Decide which issues are safe to defer until next year or the year after. Are there any which should be removed from the list?
4. During this part of a planning session, make sure everyone has a chance to speak.
5. Be realistic. Be flexible. Listen to the creative ideas of others.

Make sure everyone refers to the list of desired improvements, and help the "meeting" get moving to the

extent necessary. Act as a moderator for this meeting, and if they begin to get bogged down in details remind them that the goal is to end up with a few of the items on the list (3-4) that they believe the condominium association can make progress on.

4. **Discussion of Group Work** (15 minutes)

After the meeting has ended, first ask the people playing each role how the meeting went, what the experience was like, what was easy, what was difficult. Then ask people how they think such a meeting would work in real life.

Then explain that the next step in the planning process is very similar to a process they have already learned during the Facilities Maintenance session; namely establishing standards and goals. Simply put, in a planning session small groups would be formed next, and each group would be assigned one of the priority items from the planning list. They would discuss what the specific goals and standard would be and what tasks are necessary for completion of the item. Suggest that they take a few minutes to read pages 10-7 and 10-8 of Session 10 in their course books, "Establishing Standards, Setting Goals and Identifying Tasks".

TRAINER'S NOTE: *Use Flip Chart Here.*

Select one person in the audience and ask him to select one of the items on the list he believes should be a top priority for the condominium association to accomplish.

Write his selection at the top of the flip chart. Underneath it, make three columns with the following headings:

STANDARDS	GOALS	TASKS
-----------	-------	-------

Ask participants what standards the association should set for accomplishing the item, and what the goals and tasks might be. Refer back to the explanations of these in their course book if they have difficulty with this.

Next, ask participants to look at the sample checklist for the Management Calendar of Events on page 10-8 of Session 10 in their course books. Specifically point out

that the tasks developed at a planning session were included on this checklist and the dates when they should be completed.

Stress that this list of dates and tasks is a great tool to keep the Executive Committee on track to meet their objectives.

5. ***Reflection*** (5 minutes)

Ask participants to think about and write down in their notebooks the most important thing they learned about the planning session. Answer any questions they might have and close the session.

OH #10-1

Session Objectives

- Demonstrate purpose and benefits of good planning in a condominium owners' association.
- Discuss the process of long-term planning through a planning/goals session; identify the roles of the Executive Committee and owners in the process.
- Develop a final product of the planning/goals session: a comprehensive Management Calendar of Events.

OH #10-2

The Planning Team

- the Executive Committee
- Any management staff
- the Owners

OH #10-3

You are two Executive Committee members preparing a resident questionnaire. You hope the answers on this questionnaire will tell you what improvements the owners would most like to see in the condominium association.

How would you word a question to encourage owners to share their concerns and desires?

Write a question you would include on the questionnaire, and be prepared to share your question with the group.

Handout #10-1

- Replace elevator #2.
- Improve quality of maintenance and housekeeping service.
- Repair roof.
- Improve communication with owners.
- Deal more effectively with delinquent owners.
- Replace many defective hallway lights.
- Develop unused basement space into income-producing commercial lease space.
- _____
- _____
- _____

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OH #10-4

Write down in your journal:

- **What is the most important thing you learned about developing a management plan?**
- **What steps do you need to take in your condominium association to implement this planning process?**