

# HOA Management Q & A: Who Handles What

A QUICK REFERENCE GUIDE TO WHO HANDLES WHAT IN YOUR HOA



**KEYSTONE**

**The most common questions we receive are from homeowners who are unclear about how the property management company fits into their HOA-governed community.**

**It's understandable: HOA management is full of industry jargon, mysterious acronyms, and documents with complicated names.**

**In this quick reference guide, we'll provide a succinct, easy-to-understand outline of common HOA management duties, so you can get a clearer sense of how the management company relates to the HOA and board and how each contributes to the protection of your property values and enjoyment of your community.**



The management company is a third-party consultant service

## Q: Is the management company part of my HOA board?

**No.** The management company is a third-party consultant service that is hired by a homeowners association to help support the operations of the HOA. Your management company is an outside business with expertise in San Diego, Inland Empire or Orange County HOA management that carries out the instructions of your HOA board.

## Q: Is the management company just another vendor for my HOA?

Though the property management company has been hired by the HOA to perform a supporting role, the management company/HOA board relationship is different than a standard vendor arrangement.

Traditional vendors generally work under a scope of work agreement, agreeing to perform specific services during a discreet time period. HOA management companies do more than work for an HOA; they act as an agent on behalf of the HOA. This means that management companies have a fiduciary duty to act in good faith and in the best interest of the homeowners association.

The goal of every property management company is to help make your community the best possible place to live, and in doing so, protect property values for the long haul. The duties assigned to the



property management company are not secret. They are always outlined in the management contract. You are free to review them at any time.





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## **Q: Why do I receive notices from the management company?**

Technically, most of the notices you receive are from your HOA board—the management company is simply the messenger. The management company does not make decisions on behalf of the HOA or the board unless instructed to do so. The management company can only facilitate the directives of your board. Part of that operational support includes managing communications with association members (aka homeowners), so the contact information on communications will likely point back to your property management company.

## Q: What are some of the operational duties that the management company performs?

Your management company acts as the “boots on the ground” for the day-to-day operation of your homeowners association, which is a non-profit mutual benefit corporation. As part of the service contract, most HOA management companies provide the following important types of support:

**Board meetings:** The management company facilitates and documents board meetings, including drafting meeting agendas, noticing the meeting, distributing the information packet to board members prior to the meeting, attending the meeting itself, taking minutes, providing advice at the meetings, disseminating minutes post-meeting, following up on action items, and acting as inspectors of election for the annual meeting, where requested.

**Vendor management:** As an agent of the HOA, management companies not only solicit competing bids from vendors for maintenance and upgrades, they also act as the primary point of contact for vendors. San Diego, Inland Empire, and Orange County HOA management often involves supervising a wide range of vendors, including pool maintenance, landscaping upkeep, sports complex upgrades and security services.

**Community walk-throughs:** The HOA management company devotes time and attention to ensuring that the community looks as good as possible and all residents are doing their part to uphold the rules & regulations set forth by the association. This also includes noting any safety issues in common areas and subsequently bringing it to the board’s attention.

**Community-building:** Part of enjoying your community is feeling comfortable and welcome among your neighbors. Since HOA board members are volunteers, they usually can’t devote an extensive amount of time to the nitty-gritty of building tighter-knit communities. Once given the go-ahead by the board, the property management company brings the board’s wishes to life, by organizing community events that encourage familiarity and friendship among neighbors.

## HOA MANAGEMENT QUICK REFERENCE GUIDE

**Risk reduction:** As experts in HOA operations, management companies help the board mitigate risk by ensuring that the association's exposure to liability is as low as possible. This includes specifics like making sure that the HOA's insurance coverage is adequate and in force.

**Business guidance:** Most reputable management companies have decades of experience providing advice to homeowners associations. Smart HOA boards use this expertise to their advantage by soliciting input from the management company before making their final decisions about issues that affect the association.



# Q: What are some of the management company's accounting duties?

As fiduciaries for the association, the management company has a legal obligation to act in the best interest of the HOA. Some of the management company's duties are defined by state law; others are important financial duties that the HOA board simply does not have time to manage.

**Dues collection:** Management companies are usually tasked with collecting corporation dues on behalf of the HOA. These monies are deposited directly into the HOA's account and are never paid directly to the management company.

**Accounts payable:** The management company handles cutting checks to vendors and utilities. These transactions are always open and transparent and easily visible to the HOA board at any time.

**Monthly fiscal statements:** Management companies compile and organize monthly financial statements for the HOA board, so all board members have a clear understanding of where the association's finances stand, including reserves and outstanding A/R and A/P.

**Collections support:** Some management companies provide collection services including outstanding balance tracking, late notices, carrying out the delinquency policy set forth in the association's governing documents, delivering pre-lien notices, and sometimes appearing in small claims court on behalf of the association.

**Escrow services:** When properties change hands, the management provides a set of governing documents to the new owner and determines if there are any outstanding back dues or liens on the property.





## HOA MANAGEMENT QUICK REFERENCE GUIDE

**Most management companies do triple duty:** they service the HOA board in their administrative and accounting needs, they are available as a resource for the membership, and they act as an agent on behalf of the association itself. This comprehensive scope of duties means that your property management company knows your community better than most of the membership—and even the members of the board itself. Take advantage of their unique position. Introduce yourself to your property manager, reach out with questions, and learn more about how this long list of duties is dedicated to helping your community prosper.





## **Want to know more about what an HOA management company does on a daily basis?**

Contact Keystone today to learn more about how HOA property management can impact your community.

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