

Policies and Procedures: Help, Not a Hindrance

As with any large, experienced organization Sentry Management has developed policies and procedures to guide our employees and our business. Many of these policies and procedures were developed as a result of an incident that caused concern, consternation or even an issue of a large proportion that we felt could not be permitted to happen again to anyone or to any of our communities. A couple of examples of situations would be (in the states where required) the filing of a Notice of Commencement prior to the starting of any project with a cost of \$2500 or more. This simple, inexpensive act protects the Association from paying for a job twice. Without an NOC, a roofing contractor gets paid. He does not pay his suppliers for the materials he has used; the supplier then has the right to come back to the Association for payment - even though the vendor was already paid. Another example would be the instance that a vendor, especially a vendor doing a job with exposure to liability such as landscapers or tree trimmers or roofers or pavers or painters, is the requirement to have not only liability insurance to protect your property from damage caused by them, but to protect the residents from any claims of bodily injury to an uninsured worker. We have seen one of clients pay out a settlement for over 15 years for a worker who was paralyzed as a result of an on the job injury. The award was in the many hundreds of thousands of dollars. Therefore, sometimes the constraint you might feel we impose upon you is truly to mitigate any problems as those policies and procedures were developed to avoid a specific problem as we have experienced it along with our Board's and communities first hand.

As true as that is, our managers are also trained with respect to specific policies and procedures as it relates to your state's statutes and your documents. Recently I attended a meeting of a Board in a community that has gone through a series of management regimes. The cycle included a small, one-person management company that had no processes, procedural guidelines, no real back up to offer the Board in the form of staff or experience, accounting all done by one person: receipt of funds, deposits, check writing and check signing (a recipe for disaster). Later they tried to do it themselves. That lasted a short period as they realized (and rightly so) that they all had real jobs or real lives that required

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their attention on a daily basis; that they couldn't keep up with the volume of requests for service or complaints; they found it difficult to write violation letters to their neighbors and found that while keeping a check book is somewhat simple, that producing a workable financial showing income, expenses and balances, was not. They have had some pretty traumatic issues with their neighbors questioning what they were doing and how they were doing it. It was a number of years before they came to us and by that time, they had become pretty entrenched in the way things had always been done. Most attempts to help them by introducing structure have been met with resistance creating a barrier between them and their manager. I believe an additional issue is that their expectation of management is somewhere between being a secretary and accepting the delegation of the authority of the Board, without the benefit of establishing the critical policies and procedures that allow the Manager and us, the Management Company, to implement and carry out on a day to day basis, the business of the association.

Policies and procedures adopted by as an association operating process, ensure equal application to all, whether it is the enforcement of covenants, collections, architectural guidelines and procedures, formation of the agenda, handling business of the board meetings, handling owner's complaints, bidding out contracts, use of facilities, etc. While those guidelines provide that kind of structure - it is not to say that those procedures cannot be changed to keep up with the times, that they change relative to statutory changes or that they change due to a change in the make-up of the Board. The one thing that remains constant is that it should be done in writing, it should be made public to the members and that the policies and procedures are different than Minutes of a meeting and should be adopted in a different format and kept separate and apart so that changing them or amending them or reviewing them can be done efficiently.

There are certain aspects to the management of a community that are the same in every state: they are generally all subject to the hierarchy of the documents: Declaration (Covenants, Conditions and Restrictions (CC&R's), Articles of Incorporation (or Charter) and By-laws. These are three distinct and separate parts of the "documents" that provide guidance for different aspects of the business of the Association. They are generally subject to some type of statute

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that governs either condominiums, co-ops and/or homeowners associations. This can be called statutes, vertical property act, the Act. And, most all associations are formed subject to a Not for Profit Corporate Act, since the purpose of the Association is not a money-making enterprise such as manufacturing or selling a product for profit.

Each of these acts requires that the Association conform in some manner. All meetings held under these acts are subject to Roberts Rules of Order, as the business of the Association is conducted by the Board at a meeting that requires the actions of the Board be recorded. Roberts Rules applies subject to the documents and the other laws, as there are requirements of these as well. Now you're probably going to think that we're going the long way around to get to the issue, and that is recordation of the Minutes of the Meeting. Because acts of the Board are recorded in the Minutes and should be taken subject to Roberts Rules, our managers have been trained in the appropriate manner to take Minutes. We have developed variations on a specific format that conform to the requirement of Roberts Rules. Minutes are not a transcript, as one would see taken by a court reporter in a court of law. The specific purpose is to report the business, which are the Motions made by the Board to enact the business of the Association. The specific purpose of the format is to keep the minutes "neutral", with no exclamations, underlining, or direct quotes that do not relate to the motion under consideration. Many times, if a conflict arises and escalates to a court room, the Minutes are either the key to success, or can be quite damning. Corrections to Minutes are done either in the margins of the past month's minutes or in the context of the current month's minutes stating, "the Minutes of the January meeting are approved as corrected", they should not be retyped.

There are times when you may think that your manager is being arbitrarily difficult, but it is because of their desire to please the Board and members, their knowledge through experience and the policies that Sentry has developed that puts them in a "sticky wicket" you might say. They can do what you are asking, knowing that it is against our internal protocol or they can stir things up with the Board by stating our "policies" and being reluctant to do what you are asking, the way they are being asked to do it.

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Our internal protocol and policies include other specifics such as tracking insurance expirations for property and liability insurance on the community; vendor insurance requirements; budget preparation; corporate annual reports; returned mail; financial reporting; petty cash accounts; deficit funding; annual meetings; special assessments; termite bonds and closings and title transfers.

Our goal is to provide you and the community the benefit of our experience and to perhaps offer another way of achieving the goal in compliance with our protocol that has been taught to our managers and in compliance with the statutes in your state. It is, after all, all about you.