

THE COMMUNITY BUILDER

What is an Operational Policy and How Does It Benefit the Operation of Your Association?

One example of an operational policy would be a Return of Merchandise Policy to a local department store. The Return Policy is generally clearly written on the receipt and/or posted in the store so that it is visible to all. Many times the Return Policy requires the garment or item be returned in the same condition as when originally purchased; that the garment or item be returned within thirty (30) days with a receipt in order to get a refund or with no receipt to get a store credit. As you can see, this Policy sets out pretty specifically the conditions under which the store will accept back merchandise. It doesn't matter who purchased it, it doesn't matter why they purchased it or who the person purchasing it knew at the store or how much the item cost. It is a standard by which this company operates.

A policy adopted by a Board of Directors for its operational process should do the same thing.

An Operational Policy of the Association would set the parameters by which certain actions will be taken and under what conditions. It shouldn't matter who the owner is, who they know or any other personal facts about them. The policy actions are applied according to the criteria so that it is not selective and it is not personal, it is business. It also provides the parameters by which your manager and the management company team can consistently undertake the day to day operations of the Association, knowing that the guidelines have been set in compliance with the documents, the statutes and full knowledge, understanding and agreement of the Board who adopted the policy.

An Operational Policy is like Lady Justice, she is blind to all except the facts. The fact that a policy is carried out with equanimity is the ultimate protection for the Board. Every person is treated the same. An Operational Policy would likely affect several areas of operation of the Association: Collections; Covenants Enforcement; Use of a Clubhouse; Lease Approval (if applicable); Architectural change process (not guidelines); owner observation or participation at a Board Meeting, and these are just a few.

THE COMMUNITY BUILDER

As it would relate to Collections, a policy would be based on the information contained in your Declaration (or Master Deed). The specifics of when the assessment is due (or how it is determined); when it is late; how much of a late fee, if any, can be applied; and/or how much interest is accumulated on a past due assessment. But generally, the documents do not indicate when to send late letters, when to do an Intent to Lien Notice, when to file the Lien and when to take other actions permitted by your documents or state statutes, like foreclosure or obtaining a personal judgment. The latter actions are those that should be set out by the Policy. By setting out the timing and actions and advising the members of the policy through posting it on the website or publishing it in a newsletter, you have basically put the members on notice of what to expect if they should happen to fall behind in their obligation to pay their maintenance assessments.

By articulating the Policy, the Board members know what to expect, the manager and management team knows what to expect, what to do and when and the members have been put on notice making the collection of the association's assessments a very automatic and non-judgmental process.

Policies are a living document, they are intended to provide a guideline for action, whether by the member, the Board or the manager. When circumstances change or the policy is not working, then it should be revised so that it does work for everyone.

These policies or guidelines provide consistency and continuity. They can and should be kept as part of the operational procedures so that new board members can see what has been done and how it has been done. New owners can be provided with the information so they know what to expect from their Association. They should be revisited as often as need be and reviewed to ensure they are working as intended. Good business, good Board, happy community.