

CONDO HOA

MANAGEMENT MAGAZINE



Cover Story

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FLORIDA CONDO & HOA INSIGHT:

BY DONNA DIMAGGIO BERGER, ESQ.

Florida is currently in its second year of economic and financial crisis, driven by a mortgage foreclosure phenomenon that has dramatically depressed real estate prices across the board. Traditionally, Florida has enjoyed buoyant residential real estate values and an enviable quality of life, particularly among the millions of residents of the state's condominium, cooperative, homeowner, timeshare and mobile home communities.

Florida's resilient community association population has responded admirably to the mortgage

PART 1 OF 3 - MANAGING IN TIMES OF CRISIS:

2011 FLORIDA ASSOCIATION MANAGEMENT SURVEY

CAN's survey is one of the – if not the – most valuable pieces of information on the approval and satisfaction level of all things related to homeowners' associations. We'll specifically talk about how association homeowners and board members feel about different types of management of their associations.

foreclosure crisis, seeking and deploying a myriad of creative solutions to the skyrocketing of delinquent assessments in some communities that have stretched operating budgets to the limit and, in some cases, begun to jeopardize budget reserves that are critical to the long-term well being of our communities. In the process, communities have taken a closer look at the way their associations are run, hoping to identify cost savings and create efficiencies in the management of day-to-day operations to benefit all the members of their communities.

The 2011 Florida Association Management Survey is the second-annual poll conducted by the statewide Community Advocacy Network (CAN) in an effort to tap in to the knowledge and experience of Florida's community association residents with the aim of identifying and analyzing current management practices in community associations across our state.

CAN believes that for Florida's community leaders, legislators and regulators to make sound decisions and enact legislation that will effectively guide Florida's community association residents toward a better future, we need to develop clearer data and provide tangible evidence on the nature, extent and quality of management practices contributing to the everyday operation of community associations.

Florida association residents and volunteer board members, whether professionally managed or self-managed, are often unaware of the best management practices employed by other communities across our state. And the thousands of licensed community association managers statewide and the management companies that employ them do not often have the benefit of comparing and contrasting their own practices with those of their peers.

To gain a general understanding of community association management practices in the state of Florida, CAN conducted its second-annual 2011 Florida Association Management Survey online from Dec. 10, 2009 through Jan. 31, 2011. The response this year was again overwhelming, with 780 residents and property owners in Florida community associations participating.

In keeping with its mandate as Florida's leading advocate for the best interest and welfare of millions of residents of community associations statewide, CAN carefully devised the survey to pose a set of questions specifically intended to poll the knowledge and experience of community

association residents with regard to the management practices within their own communities. Nearly six in 10 respondents to the survey (59 percent) identified themselves as current board members of their associations, with non-board members comprising 41 percent of respondents – providing a healthy mix of independent, non-board opinion and insight into management practices with the experience and knowledge available to board members, who are themselves charged with the day-to-day oversight

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of management practices within their communities.

Key findings of CAN's 2011 Florida Association Management Survey include:

» Survey respondents who said their Florida community is managed by either an independent state-licensed Community Association Manager (CAM) or a licensed CAM employed by a property management company fell slightly to 71 percent from 75 percent the previous year; those who said their association has no professional manager and instead relies on non-salaried board members for management of the community increased slightly by 4 percent in 2011 to 29 percent;

» Nearly two-thirds of respondents (64.9 percent) from both self-managed and professionally managed communities identified the quality of



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CAN Members' Capitol influence

On the 13th day of the legislative session, House leaders proposed draconian deregulation measures for Condominiums, Cooperatives, Timeshares, Mobile homes, as well as Homeowners' Association and Community Association Managers. Almost two weeks after the deadline to file legislation, legislators bypassed standard procedural rules and attempted to fast track these changes using special budget rules. The Community Advocacy Network (CAN) immediately notified its 3,000 member associations, speaking on behalf of more than a million homeowners, of the attempt to quickly strip homeowners of critical consumer protections. Within hours, legislators' phone lines were lighting up and their inboxes were flooded with e-mails from homeowners expressing their complaints and requesting meetings.

Exactly a week later, the community association provisions were stripped from the bill. "I could not be more proud of our members," said community association attorney and CAN Executive Director Donna Dimaggio Berger. "CAN quickly armed our members with concise talking points, thorough analyses and a strategic plan to defeat this attack on community associations. Our members' swift action made their voices heard in Tallahassee before the measure got too far along and legislators were in a position where they could not go back." Berger said that within a day of members taking action, legislators were calling CAN asking for more information on their position. "This quick defeat shows how a well-informed and organized group of Floridians can make a difference in the process," said Berger.

In addition to stripping homeowners of important consumer protections, the legislation would have put them on the hook for expensive legal costs by eliminating the state's arbitration program and forcing them to the courts to seek remedy. The plan also would have reverted more than \$6 million dollars in fees paid by industry to the state's general budget fund.


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PENDING IN THE
FL LEGISLATURE?**

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association management as having either a very or extremely important influence on property values in their community. Yet only 43.6 percent of those same respondents said that particular self-management or professional model of association management employed in their communities had either a very or extremely positive impact on property values;

- » The proportion of survey participants living in self-managed communities who identified themselves as also living in small- to mid-sized communities (consisting of 200 or fewer homes or units) increased significantly, from 54 percent in last year's survey to 67 percent in the 2011 survey, pointing to a trend of smaller community associations opting for self-management during a period of economically difficult times;
- » Among respondents who live in professionally managed communities, there was a 6 percent rise (to 86 percent) in those who said their association contracts with a management company for a licensed full- or part-time CAM; in half



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of those cases, respondents said the licensed manager is located off-site, and 24 percent said the company-assigned manager works full time on the property;

- » The percentage of respondents who said their professional manager is an independent CAM not affiliated with a property management company remained virtually unchanged at 24 percent, but the percentage of full-time, on-site CAMs employed by associations decreased by 10 percent;
- » Communities that contract for professional management services appear to pay less in the current economic climate, as shown by a 3.2 percent increase in respondents who said their communities pay less than \$25,000 annually, and a 3 percent decrease in communities paying more than \$70,000 per year;
- » The percentage of respondents who said they were satisfied with their association's decision to self-manage remained high at 75 percent, even though the percentage declined 13 percent from last year. That decline, combined with other survey responses, points toward an apparent growing dissatisfaction with self-management. A sharp drop (from 64 percent to 47 percent) of respondents chose significant cost savings as the reason for choosing self-management;

- » Fully half of professionally managed respondents said they were satisfied with their current licensed manager or management company, representing a slight decrease from 52 percent the previous year, and the number of those who said they would recommend them to another association likewise fell slightly to 59 percent versus 61 percent the previous year; offsetting those decreases, nearly 30 percent indicated dissatisfaction with their licensed manager or management company, up from 28 percent the year previous, and more than four in 10 respondents (41 percent) said they would not recommend their manager to another association, up 2 percent over the previous year;

- » In helping their association's efforts to deal with the impact of mortgage foreclosures and delinquent assessments in their community, 41 percent of respondents said their professional manager had been either very or extremely helpful – yet one-third (33 percent) were dissatisfied, saying their manager had been either not very helpful or even very unhelpful;

- » Self-managed respondents indicated only slightly lesser satisfaction on the foreclosures and delinquencies front, with 37 percent saying self-management had been very or extremely helpful in helping the community deal with the foreclosure crisis and rising delinquencies and – similarly to professionally managed communities – 31 percent saying that self-management had been either not very helpful or very unhelpful in dealing with mortgage foreclosure crises and delinquencies in their communities.

Continue reading the next two issues of CondoManagement for more results from the CAN survey. CAN's survey is one of the – if not the – most valuable pieces of information on the approval and satisfaction level of all things related to homeowners' associations. We'll specifically talk about how association homeowners and board members feel about different types of management of their associations.

Donna DiMaggio Berger is executive director of the Community Advocacy Network and managing partner of the Florida law firm of Katzman Garfinkel & Berger. She is also author of "Condo and HOA Law" blog at www.condoandhoalawblog.com.

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