

## Tips on selecting a Community Management Firm for a Homeowners Association

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One out of every three people in California is living in some type of planned community governed by a homeowners association. Hundreds of thousands of consumer dollars are collected every month in assessments from the many homeowners associations in California. The odds are good that if you live in one of the more than 44,000 homeowners associations in California, your assessments are collected by a professional community association management firm retained by your board of directors.

For most people, their home represents their most important financial asset. Keeping that in mind, I'd like to make some recommendations on what homeowners should look for in a community association management firm.

- 1. Proof of Expertise.**

Ask whether or not your community management firm has been certified. The California Association of Community Managers (CACM) offers certification for both the individual manager (Certified Community Association Manager or "CCAM(r)") and for management firms (Certified Management Firm or "CMF"). Be suspicious of pricing that's substantially below the rest of the competition. Never hire a firm just because it offers the lower rates. There's probably a reason why.

- 2. Evidence of Risk Management, Including Insurance.**

Check to make sure the firm practices risk management, including carrying the proper amount and type of insurance to protect against theft, errors and omissions, liability and workers compensation claims.

- 3. Proper Internal Financial Control Systems.**

What sort of internal checks and balances system does the management firm employ for handling association funds? The company should follow proper methods of handling cash receipts and disbursements, account receivable and revenues, as well as accounts payable, purchasing and contracts.

- 4. Disclosure of Subcontractor Contracts.**

Make sure you understand which companies have been hired to perform such services, as pool or landscape maintenance. The community management firm should disclose if they own any interest in or any portion of the business or may have any potential conflict of interest. Disclosure is the key here.

Bottom line, the best way to make sure you're getting the most value out of your community management firm is to participate in the governance of your association. Volunteer on a committee. Get to know your neighbors and vote at each election. Most importantly, ask the tough questions if you have any doubts or concerns about the management of your association.