

What HOAs are Looking for IN A MANAGEMENT COMPANY



ARI SHORE, CMCA®
3.0 Management

Like any growing service-based industry, the professional management services developed for Common Interest Communities (CIC) have evolved significantly since its inception.

Initially, the needs of newly established Homeowner Associations were not complicated. With only 10,000 HOAs across the entirety of the United States in the 1970s, the basic requirements for managing these communities included mostly compliance with local, State, and Federal laws as well as the association's declaration and other governing documents. Given the newness of both the homes and the CIC concept itself, the professional services developed organically as new needs were discovered.

By 1980, the HOA model had proven to be a suitable home-building system for the US, with over 36,000 communities and ~10 million homeowners. But as initial infrastructure began aging and the association's responsibility became increasingly relevant, the professional services surrounding the industry evolved to the point that a truly new industry was born.

As these new services and demands were being established, it is important to acknowledge that the HOA model called for the election of volunteer homeowners to serve on a Board of Directors. Most commonly these volunteers were simply looking out for the best interest of their home and the well-being of their neighbors. However, volunteer Board Members typically did not have formal training or qualified experience in specific disciplines required to effectively maintain the current property while also planning for future needs.

Individuals from different but related professions soon recognized the opportunity to offer value-added solutions and a brand-new industry began its initial evolution.

This evolution included the formation of Management Companies, primarily focused on maintaining association compliance, providing daily bookkeeping services, and ensuring the property was physically kept. Additionally, Community Association Law Firms formed, and construction firms formed to work solely on HOA properties.

The young, niche industry welcomed the arrival of specialized service providers, however, the offerings were fragmented, and the burden of coordinating the specific services fell exclusively on the Associations' volunteer Board of Directors.

Today there are over 370,000 HOAs in the United States alone with over 74 million Homeowners (members). The needs and demands of HOA members and the infrastructure have increased significantly and are more defined than ever.

HOAs are now seeking to partner with proactive Management Companies who offer comprehensive, modernized services, to meet the unique demands of each community. The tools now exist to transition HOAs from simply responding to needs as they present themselves to predictable models that anticipate the current and future needs of a community in an organized and strategic fashion.

Communities that have elected a comprehensive management partner have stabilized their operations and built robust financials, thriving with previously unrecognized efficiencies. By having a single partner coordinate various discipline, volunteer Board members and community members can focus on strategic growth instead of having to educate themselves on unfamiliar matters.

At a minimum, progressive HOAs expect the following from their management partner:

1. Guide the Board to be compliant with all legal requirements

This includes complying with the State's civil code, and local statutes. In Colorado, a Management Company that is well educated on changing State Legislation and its impact on the Association's operations is a top priority for many Boards.

2. Oversee financial decisions

A reputable Management Company understands the importance of fiscal responsibility and works closely with the Board to develop a comprehensive financial plan that aligns with the long-term objectives. An experienced Manager will offer valuable insights and recommendations based on industry best practices.

3. Partner with the Board

The Management Company should understand the Board's objectives and goals and create plans to reach the Board's vision. Each Board's vision is different and when Boards have turnover, the priorities and motivations can change. A good Management Company is able to adapt to community dynamics while providing professional continuity of service.

4. Offer experience-based suggestions

Leveraging their industry experience, the Management Company should bring forward innovative ideas and best practices that have proven successful in similar Associations. This forward-thinking experience is invaluable in anticipating and addressing potential issues before they become significant challenges.

5. Providing Owner Support

Owners are a big part of the association, and a good Management Company should provide assistance to homeowners with questions about the association and homeowner accounts in a timely manner. Management Companies should also have self-service options available, so the homeowner always has access to the information they need with minimal time invested to obtain.

Over the past decade, HOA's market demands have changed significantly. Now more than ever, communities are seeking professional partners who can manage and improve their operations. Historically, HOAs have been frugal when it was time to invest in an operational partner, but today they have become encouraged to invest wisely, plan strategically and take comfort in a predictable and comprehensive model that set the community up for long-term success. 🏡

Ari Shore and **Chris Marion** founded 3.0 Management in 2021 recognizing that the HOA industry is on the cusp of a new era of management. Through the development of modernized tools, a self-service foundation and investing in a long-term strategic model on an Association-by-Association basis, 3.0 Management has quickly grown and continues to set a new standard in comprehensive association management.



EmpireWorks[™]
RECONSTRUCTION
Easy To Do Business With

Professional HOA Reconstruction:

- Siding Replacement
- Stucco and EIFS
- Decks and Walkways
- Exterior Painting
- Concrete and Grading
- Construction Defect Services

Call 888.278.8200
Email: info@empireworks.com
www.EmpireWorks.com



Member of the
Community Association Institute



MCKENZIE MENA, LLP
Construction Defect Attorneys, Est. 1998

**PROTECTING THE RIGHTS
OF PROPERTY OWNERS**

Advocating the rights of
property owners in complex
construction and insurance
cases for over 20 years.

*Experience the
McKenzie Mena
Advantage Today*

LINDSAY BOSHART | (720) 301-3590

Serving all of Colorado | (800) 996-1770 | mrmcdlaw.com