

THE BEATT

Business, Education and The Trades

PRACTICAL IDEAS AND GUIDELINES FOR CONDOMINIUM ASSOCIATIONS

Basic #4 = POLICY

Welcome to the third issue of the new [the BEATT](#) newsletters in 1996.

We're starting with the basics and will work up to projects. Keep each copy of the [BEATT](#) for future reference and new Board Members.

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Policy Resolutions create procedures that are the communication links which give direction to all those involved in the association's management and organization. A business cannot run without procedures defining how things are done.

Unit owners are expected to abide by Rules and Regulations and yet the governing bodies of condominium associations seem to have no direction. Policy Resolutions are the Rules & Regulations for the Board of Managers and all Management and Maintenance Personnel. Policies are set by the Board of Managers so that all involved may understand and know how the infrastructure of the association works. Who is responsible and how do things get done? From year to year as new Board Members are elected and new management comes on to the property, the continuity of the policies remains. The policies stand as the procedures to follow whereby everyone knows how things are to be accomplished and how communication is achieved among all the various people and personalities involved in association business.

Many Boards of Managers never realize that a condominium association is a business. And when your budget is over a million dollars, that's BIG BUSINESS! But consistently through the years, associations struggle to keep their heads in the sand and avoid all similarity to being a corporation in the business of preserving and protecting their unit owner's property (asset).

Due to lack of understanding and experience, Boards continually play

very powerful and dangerous games with the money of those unit owners that they pretend to hold dear.

As new Board Members are elected from year to year and they idealistically approach the governing of the association, more often than not, there is nothing written and no outstretched arm to impart and reassure them as to what the realism of management is all about.

An association is often corrupted because of the "inner circle's" lack of constructive advice and direction. The only way that anything can be accomplished is through a thorough hashing out of ideas and instituting procedures in the form of Policy Resolutions that all parties now and in the future must adhere to. Policies can always be refined and rewritten but without SOME BASE there will be chaos and confusion. What is it that the inner circle is trying to protect - one wonders. Why are people so afraid to impart their knowledge and experiences to new and younger Board Members.

There is no joy in being a Board Member, but resolving some "Rules of the Road" for those that truly care and will come in the future would be a step in the right direction.

#4

Policy Resolutions of the Board

(#4) Policy Resolutions of the Condominium Board of Managers define policies of operation, responsibility and communication between the Board, Management and Maintenance Personnel. These

Resolutions along with the complete recorded copy of the (#1) **Declaration & By-Laws plus Amendments**, a current copy of the (#2) **Illinois Condominium Property Act** and copies of current (#3) **Rules & Regulations** should be given to each new Board member and passed along each year. Committee Chairpersons should also pass along appropriate committee records and files from the previous year.

Continuity

Continuity, organization and abiding by the law are very important to a condominium association. Since continuity is very important how can this occur when the Board of Managers changes (possibly) every year and with every new Board comes new management and new personnel.

Maybe a new Board member is elected because he/she is angry or uninformed or

because someone talked him/her into running. Where does that Board Member go for information. If there is no communication between new and old Board Members (and in many associations this is the case) then how can a Board continue on with the management of the association without "reinventing the wheel" which will probably take most the year to do.

This simple scenario occurs all too often in condominium associations. That's why there are so many angry unit owners who, themselves, have nowhere to turn to find out information or policy of the association.

One of the most often asked questions: "How much money can be spent without bids?"

Wouldn't it be simple if the Board of Managers (the ultimate responsible authority) established a Policy Resolution answering this question for everyone. **(SAMPLE POLICY)**

Policy Resolution: # 83 - 0034
Adoption Date: December 12, 1983
Topic: Competitive Bids - Dollar Limits and How Many Needed

POLICY RESOLUTION
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WHEREAS, the Board of Managers has deemed it to be in the best interests of the Association to establish a policy for the purposes of defining the Dollar Limits necessary for Competitive Bidding and How Many Bid are Necessary.

NOW, THEREFORE, BE IT RESOLVED: that there be a dollar limit established of **\$500** that the Property Manager may spend without competitive bidding if the Chairperson of the appropriate Committee or the President concurs. The Property Manager has the authority to approve expenditures **up to \$1000** without competitive bidding with the concurrence of the Board President, Treasurer and Chairperson of the appropriate Committee. All expenditures **exceeding \$1000**, except those in an Emergency and approved by the President and Treasurer of the Association, must be referred to the Board of Managers on a no less than three (3) bid basis.

Such authorizations must be contained in a report to the Board by the appropriate Committee Chair or the Treasurer at the following meeting.

Since no less than (3) three bids are acceptable, no less than 6 - 10 contractors should be contacted when seeking bids. All contractors are to receive the association Questionnaire for determination of their Qualifications and References and at not time shall a Contractor be allowed to work on the property without a current copy of their Insurance Certification being presented to the management office and available in the Current Contract file.

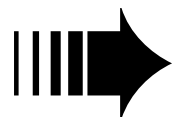
Policy Resolution Book

Each Policy Resolution must be approved by a vote of the Board of Managers and signed by the President and Secretary. Once established, the Policy should be placed in a book along with an Index, a Flow Chart of

Responsibilities and all appropriate forms and established Procedures. In this way the Procedures and Policies of the Board will remain in place from Board to Board until redefined by a future Board. All unit owners, Board Members, Management and Personnel with know exactly what to do and where to go to find answers within the association.

Continuity, Organization and the Law.

3-Hole Punch, Bind, Keep, and REFER to your Newsletters and Resource Directory.



POLICY RESOLUTION BOOK

Index	Numerical Indexing System
FlowChart.....	Flow Chart of Communication & Responsibility
Form Letter	Assessment Late Charge Policy
Form Letter	Assessment Unpaid Turnover to Attorney
	Association Files & Categories Procedures
Yearly Form	Bank Resolution for Operating Accounts
Yearly Form	Bank Resolution for Reserve Funds
Yearly Form	Bank Signatures on Checks
	Bank Transfer of Funds Procedure
	Bidding - Closed Bid Procedure
	Bidding Requirement Policy for Number of Bids
	Board Discussion and Workshop Policy
Yearly Form	Board Meeting Dates
	Board Meeting Minutes Filing Procedures
Stored Quarterly	Board Office File - All Correspondence - Chronological
Stored Quarterly.....	Board Office File - All Current Paid Invoices
Current	Board Office File - Current Contracts & Insurance Certificates
Stored Quarterly	Board Office File - Maintenance C.E. Completed Work Orders
Stored Quarterly	Board Office File - Maintenance In-Unit Completed Work Orders
Stored Per Bldg when Finished	Board Office File - Weekly Building Walk-through by Bldg
Yearly Review	Committee Responsibility - Budget & Finance
Yearly Review	Committee Responsibility - Insurance
Yearly Review	Committee Responsibility - Landscaping
Yearly Review	Committee Responsibility - Landscaping Restrictions & Rules
Yearly Review	Committee Responsibility - Legal
Yearly Review	Committee Responsibility - Maintenance
Yearly Review	Committee Responsibility - Pool & Clubhouse
Yearly Review	Committee Responsibility - Pool & Clubhouse Rules
Yearly Review	Committee Responsibility - Renovation Of common Elements
Yearly Review	Committee Responsibility - Rules & Regulations
Yearly Review	Committee Responsibility - Sales & Leases
Yearly Review	Committee Responsibility - Sales & Leases Procedures
Yearly Review	Committee Responsibility - Social
Yearly Review	Committees - Standing and Ad Hoc
Form	Contractor Computer File of Authorized Bidders
Notification Labels	Contractor Job Completion Review Report Policy
	Contractor Notification Procedure for Sign-In
	Contractor Policy for Certificate of Insurance
Contractor Questionnaire	Contractor Questionnaire and Process
Exterior Sign-In Box w/Key Log ...	Contractor Sign-In Sheet & Key Sign Out Form
Request Form.....	Corporate Records Examination Procedure
	Definitions of Charges & Fines
	Definitions of Common Elements
	Definitions of Emergencies
Yearly Form	Election of Committee Chairs
Yearly Form	Election of Officers
	Lock Out Procedure & Charges
	Maintenance Head Supervisor Duties
Form & Log	Maintenance Head Supervisor Photo & Report Policy
	Maintenance Head Supervisor Priorities
Work Orders	Maintenance In-Unit Charges
	Maintenance No-Charge Services
	Maintenance Personnel Work Priorities & Duties
	Management and Maintenance Expenditure Dollar Limits
	Management Report - Contents
	Newsletter Committee Procedures
	Newsletter Publication & Distribution
	Payment of Invoices Procedure
Form Letter	Rules & Regulations Fines
	Special Policies -
	Special Policies -
Carbon Phone Log	Telephone Log Policy

Policy Resolution: # 96 - _____

Adoption Date: _____

Topic: _____

POLICY RESOLUTION

WHEREAS, _____ Condominium Association ("Association") is an Illinois not-for-profit corporation, organized and operating for the purpose of administering and maintaining the common elements at the property commonly known as _____ ; and

WHEREAS, Association is administered by a duly elected Board of Managers in accordance with a certain Declaration of Condominium Ownership and By-Laws; and

WHEREAS, the Board of Managers is charged with the fiduciary responsibility of maintaining the property and acting in the best interests of the members of the Association; and

WHEREAS, the Board of Managers has deemed it to be in the best interests of the Association to define a policy for the purposes of _____

NOW, THEREFORE, BE IT RESOLVED:

APPROVED THIS _____ DAY OF _____, 19 _____

_____ CONDOMINIUM ASSOCIATION

BY:

ASSOCIATION PRESIDENT

ATTESTED TO:

ASSOCIATION SECRETARY