

# A Breakdown of the Three Forms of HOA Management

Article by Associaonline.com

As a member of your homeowners' association's (HOA's) board of directors, you're tasked with maintaining and leading the community. Serving on the board can be rewarding, but it's a significant commitment that comes with a lot of responsibility. There are many management duties that require regular oversight, like maintaining common areas, managing finances, and enforcing community guidelines.

Some boards choose to manage these responsibilities themselves, while others opt to hire an employee or management company to help shoulder the workload. While your community's [governing documents](#) will guide you through the options available, here's what you should know about the three forms of HOA management.

## 1. Self-Management

In a self-managed community, [a board of directors](#)—volunteers living within an association—oversees its operations. There is no outside assistance to help manage tasks like member disputes, contract negotiations, and budget preparation. With this form of management, the board should have the legal, financial, and administrative acumen to accomplish various duties themselves.

### PROS OF SELF-MANAGED COMMUNITIES

- **Fees are often lower.** Because there are no outside managers to pay, savings are reflected in lower monthly fees for homeowners.
- **Members have more control over community projects.** The process of suggesting and voting on projects is typically less complex.
- **Rules are less strict.** Without a formal management structure, it can be difficult to enforce strict rules. However, this means owners may have a little more flexibility.
- **It promotes a tight-knit community.** Because homeowners rely more on each other to handle community tasks, they often work together closely and develop deeper bonds.

## CONS OF SELF-MANAGED COMMUNITIES

- **It requires more time and effort.** When board members assume these responsibilities, it means time away from jobs, lives, and families.
- **There's often a lack of follow through.** Some self-managed communities [defer maintenance](#) and other tasks to save time and money—opening the door to higher maintenance costs in the long run.
- **Conflict resolution is challenging.** Self-management means there is no neutral party to resolve disputes or work through internal issues.
- **Homes may be harder to sell.** Some potential buyers aren't interested in the time and responsibility that self-managed communities require, even if it means lower fees.

## 2. Association-Employed Manager

Some associations hire an independent community association manager. This manager may be tasked with performing certain duties—overseeing maintenance, for example—but not others, like meeting preparation. An employee of the HOA, the board can essentially create the job description and assign tasks to an [independent contractor](#). Your association's governing documents should detail specifications for hiring and retaining outside contractors—if it's even an option, your role in the hiring process, and how to pay them.

## PROS OF AN ASSOCIATION-EMPLOYED MANAGER

- **They have the knowledge to help you succeed in various areas.** A qualified community manager will have experience in managing the financial and operational aspects of a community, so they may be able to find solutions in areas where you need the most support.
- **Vendor management is simplified.** A hefty task, managers can help boards with collecting vendor bids and screening potential community partners.
- **You receive expert advice on complicated rules and policies.** Governing documents, rules, and regulations are often difficult to decode. An

experienced manager offers the support needed to decipher complex legal language.

- **They offer experience and are trained.** By examining their work history, you'll have an idea of the types of communities they've managed and the training provided by previous employers.

### CONS OF AN ASSOCIATION-EMPLOYED MANAGER

- **You may need additional insurance policies.** If you're bringing in outside vendors, you may need [workers' compensation coverage](#) or an employment practices liability policy to protect you in case of accidents or legal action.
- **Your "contracted" manager may fall under employee status.** Even when you think you're hiring an independent contractor, they may qualify for employee status. This may require you to meet certain obligations for that person, such as payroll withholdings and sick leave.

### 3. Community Management Company

A community management company, or HOA management company, is often contracted by the board to help fulfill duties they cannot carry out. Typically, these companies help support maintenance, accounting, and other community efforts, depending on the association's needs. A community management company helps boards streamline processes and provides professional services. As resident needs evolve and expand, a community management company [works with the board](#) to accommodate changing operations.

### PROS OF A COMMUNITY MANAGEMENT COMPANY

- **Save time, effort, and peace of mind.** With a management company as a partner, the board can let go of stressful and time-consuming responsibilities and focus on important community needs.
- **They offer a professional and credentialed workforce.** Property managers employed by a community management company are often required to complete training, gain relevant experience, and [hold industry designations](#) and certifications.

- **They have connections with skilled vendors.** Management companies usually have connections with trusted vendors, offering contracted discounts that extend to you.
- **You can leverage management technology and software.** Community management companies have exclusive resources and technology to help improve communication, accounting, maintenance requests, and record keeping.

### **CONS OF A COMMUNITY MANAGEMENT COMPANY**

- **HOA fees may be higher.** In general, HOA fees are higher if your community is working with a management company. However, this means the board is working with professionals who can resolve disputes, enforce policies, and maintain community areas—which may save the board from costly mistakes.
- **The HOA board isn't as involved in the day-to-day operations.** The management company handles most daily operations, which means the board will need to [let go of that control](#). Some board members may find this challenging.

Serve Your Community Better with an HOA Management Company

Working with a community management company allows board members to share responsibilities and provide the best service possible to HOA members.