

Association of Condominium,
Townhouse, and
Homeowners Associations



28 E. Jackson Blvd., Rm. 910 • Chicago, IL 60604 • 312-987-1906 • actha@actha.org • www.actha.org

September 2011 Inside this issue:

Tip of the Month	3
Self-Management continued	4
Tip of the Month continued	5
Question of the Month cont.	5
Expo Info/Registration Form	6-7
Welcome New Members	7
Question of the Month	8

2011 PLATINUM SPONSORS

*AAA Painting Contractors
Acres Group ^ Adams Roofing
Advanced Property Specialists
All American Exterior Solutions
Alliance Association Financial Services
Andersen Windows & Doors
Briggs Paving ^ Caruso Management Group
CertaPro Painters
Cicero's Development Corp.
Coder Taylor ^ Community Advantage
Community Association Banc
Dickler, Kahn, Slowikowski & Zavell, Ltd.
DuBois Paving Co. ^ F.M. & J. Asphalt
Fullett Rosenlund Anderson, PC
Frost Ruttenberg & Rothblatt
Kovitz Shifrin Nesbit
Landscape Concepts Management
LP Building Products
Renewal by Andersen ^ Rosenthal Bros.
Total Roofing & Construction
Waldman Engineering Consultants
Woodland Windows and Doors*

UPCOMING ACTHA EVENTS

North Expo: Sat., Oct. 1
South Expo: Sat., Oct. 15

WEBINARS EVERY MONTH!

EFFICIENT SELF-MANAGEMENT IN THREE EASY STEPS

By

Angela Falzone, Association Advocates, Inc.

Are there reasons why a Board would choose to self-manage? Is there an advantage to self-managing over professional management? How much more work is involved?

The smaller the association, the more these questions are relevant. Why? Because most “good” management companies generally find it cost prohibitive to manage the smaller properties. If the price sounds too good, it probably is. A qualified firm specializing in condominium or community association management will usually charge a fee based on a minimum number of units, limited services or monthly cost.

While there are some new, smaller real estate and apartment management companies offering management services, the costs can be high and/or escalate without warning by hidden fees, the quality of service can be less than desired, and their knowledge base of Illinois law is often limited. Incorrect guidance from Management may create increased legal liability and unanticipated costs for the association.

So, what is the small association left to do? Learn how to do it efficiently and correctly. That may produce more work initially for the board, but the advantages can be great including, but not limited to: saving a monthly management fee; hands-on control of all aspects of the property; and, maintaining costs without surprises. Once the knowledge, protocols, and vendor relationships are in place, what seemed like a daunting task will become a functioning business to be monitored, not re-invented every day.

Continued on page 4



www.csr-roofing.com

ROOF SYSTEMS AND SERVICES

- New Roofing
- Repairs
- Maintenance Programs
- Tapered Insulation
- Reflective Coatings
- Modified Bitumen
- Hot Asphalt
- Coal Tar Pitch
- P.V.C.
- EPDM
- T.P.O.
- Skylights
- Sheet Metal
- Gutters
- Drainage Improvements

Contact Us Today! Phone: 708.848.9119 Fax: 708.848.8947



PuroClean®

Scott Majeski, FSRT

Owner
PuroClean Property Restoration Specialists
Toll Free (866) 971-PURO (7876)
Ph (312) 453-1500 • Fax (312) 453-1516
1000 W Adams St., Ste. 205, Chicago, IL 60607
smajeski@puroclean.com
www.PuroCleanChicagoLand.com

WATER

FIRE

MOLD

BIOHAZARD



LAW OFFICE OF
**DENISE M.
DEBELLE**

4753 North Broadway, Suite 903
Chicago, Illinois 60640
Ph. 773-728-0136
Fx. 773-728-0137
ddebelle@sallinger.net

Board of Directors

Officers

President: Beth Lloyd **Vice President:** Bob La Montagne **Secretary:** Jacqueline Fanter **Treasurer:** Barry Branch

Directors

Craig Finck Michael McCormick Bill Meyer Diane Pagoulatos Joyce Sampson

Executive Director: Gael Mennecke **Lobbyist:** Richard Lockhart, Social Engineering Associates, Inc.

Legal Advisors: Rob Kogen, Kovitz, Shifrin Nesbit / Charles VanderVennet, Attorney in private practice

Accountant/Advisor: Garry Chankin, Frost Ruttenberg & Rothblatt, C.P.A.

Note: Materials in this publication may not be reproduced without the written permission of ACTHA. The statements and opinions in this publication are those of individual authors and ACTHA assumes no responsibility for their accuracy. ACTHA is not engaged in rendering legal, accounting or other expert assistance. If required, the services of a competent professional should be sought. Acceptance of advertising in the ACTHA newsletter does not constitute an endorsement by ACTHA or its officers of the advertised products or services. The publisher reserves the right to reject any advertising.

TIP OF THE MONTH

Your Lighting Choice is Important

Despite various new and efficient technological advancements, lighting remains one of the least energy efficient practices in multi-family homes and residential applications. In fact, nearly 90% of energy in traditional incandescent sources is lost to heat, leaving only 10% for light.

Lighting accounts for nearly a tenth of a homeowner's energy bill and is one of the least environmentally sound aspects of modern living.

- This need not be the case with the lighting technology currently available. Energy efficient lighting can reduce energy consumption by as much as 75%. Additionally energy efficient sources last an average of 10 times longer than incandescent sources.

Lighting is a significant part of the electricity in residential applications – nearly one-fifth! So what are some lighting alternatives that can save energy, reduce HVAC loads, while providing environmentally friendly benefits?

Compact Fluorescent (CFL bulbs) – CFLs produce 75% less heat than incandescent sources, which is 75% less load on an HVAC system due to lighting.

The most affordable means of reducing energy costs is to replace existing incandescent bulbs with screw based CFLs. For new construction, it is necessary to install ENERGY STAR fixtures to qualify for utility rebates. This promotes long term energy savings as opposed to screw based CFLs, which could be replaced with low efficacy incandescent bulbs at any time.

Fluorescents can be justified a bit easier than incandescent based on cost. Aside from direct power savings, there are other factors:

- A 13W CFL can be used as a replacement for a 60W incandescent in most applications.
- The 13W CFL has an efficacy of about 59 lumens per watts, while the 60W A-19 is only at 14 lumens per watts. (Where does the rest of the power go to? Heat, which has a direct impact on HVAC load.) In

addition ENERGY STAR CFLs last 10,000 hours, while a comparable incandescent lasts only 1,000 to 2000 hours.

Disposal of CFLs is an issue that is being addressed. Fluorescent bulbs require a small amount of mercury to operate (less than in an amalgam tooth filling!). Mercury of course is very toxic, so much effort is being done to ensure that they don't make their way to landfills where they may contaminate the water supply. Many retailers, such as The Home Depot now have repositories to discard CFLs in a safe manner.

Another solid state lighting alternative is available – Light Emitting Diodes (LED)

LED technology – LEDs are making a significant entry into light commercial applications because they offer:

Significant increases in efficacy (lumens per watt)

White warm color consistency

Exceptionally long life (more than 25x longer than incandescent and 5x longer than CFLs)

Also, people want to choose a lighting alternative that looks, feels and produces similar light output compared to what they have always bought in the past. With LEDs, community associations have the potential to protect the aesthetic integrity of the product, while replacing inefficient incandescent fixtures.

Below are a few examples of which LED fixtures can be ideal for general and functional illumination for shared interior spaces in light commercial applications, including:

Lobbies

Corridors

Office kitchens

Apartments and multi-family housing

Return on Investment – Even though the initial cost on solid state lighting alternatives is more, you can expect to get a return on your investment in just a few years.

Continued on page 5

Continued from page 1

STEP ONE: Learn the basics. All associations, no matter what size or if self or professionally managed, are governed by their declarations/bylaws and applicable laws. These documents form the foundation from which all management must start. Many boards make it up as they go along and find themselves in serious, costly trouble when all they had to do was understand the basics of the laws and governing documents. Following these templates will save the association time and money. Going to seminars and getting proper training will help the board understand its role and how to manage their association effectively.

STEP TWO: Hire the right professionals to help the board perform their job correctly. Most self-managed boards think they have to know and do everything by themselves. While this may save money, the downside will be evident when they have to pay to correct the outcome of their mistakes. Increase your efficiency and decrease your legal risk by surrounding yourself with knowledgeable, professional vendors that specialize in the community association industry.

If the association's governing documents and protocols are confusing, hire an attorney or management consultant to explain it. Collecting assessments and paying bills are both important objectives that can be outsourced to some professional accounting or management firms resulting in efficient money handling and accurate, monthly financial reporting. Rather than depend on owners to clean the halls, find a good maintenance company who may also offer on-call emergency troubleshooting. An insurance agent will ensure you are adequately protected with coverage compliant with State statute. Upon vendor selection, document the agreed upon services in a contract signed by both parties with clear terms, fees and termination provisions.

STEP THREE: Create protocols identifying the Administrative, Financial & Physical aspects needed to manage your property, assemble an Annual Calendar and document it all in your Operations Manual. This then becomes the template for your association that all future boards will follow, making the management of your property transparent, consistent and of the best quality within your budget. Your Operations Manual should be updated annually and include but may not be limited to: all contracts and vendor contact information; emergency procedures and contacts; owner contact information; insurance; budget; etc.

If your association is large enough to afford professional management, by all means, do your homework, check credentials and references, and hire the most experienced firm you can find within your budget. But if you are too small to be considered, or feel you cannot afford the higher price for the services you will need, rest assured that self-management is not only doable, but very often the right choice.

By following these guidelines, you will not only have created the successful template to manage your property, but will have lessened your legal risk and burden as a board member and made it possible for other owners to step up to the plate and take your place. This added benefit will ensure you won't have to be on the board for the rest of your life while you enjoy knowing your property is being well managed. It's a win/win!

4114 N. Lincoln Ave., Chicago 60618

773-348-0742 ^ asfent@earthlink.net

www.AssociationAdvocatesInc.com

NOT INTERESTED IN SELF-MANAGEMENT OR HAVE PROFESSIONAL MANAGEMENT?

Then you will be interested in the seminars on the new Manager Licensing Act which ACTHA will present at both Expos.

Angela Falzone, who serves as a member on the Advisory Board for the administration and implementation of this law, will be one of the presenters, along with attorneys Mark Pearlstein and Bob Prince.

The North Expo is Sat., Oct. 1 at the Deerfield Hyatt and the South Expo is Sat., Oct. 15 at the Tinley Park Convention Center.

More info and registration can be found on page 6-7

Continued from page 3

Light commercial applications, including community associations, typically see payback on their investment in less than 3 years (based on 50,000 hours of life for LED and 2,000 hours of life typically for an incandescent lamp).

Aesthetics – Last, but certainly not least, is the topic of aesthetics. Sure, it's green, but does it look good?

Reputable lighting manufacturers, like Progress Lighting, have put a tremendous amount of time, energy and research into designing aesthetically-pleasing LED, CFL and ENERGY STAR qualified fixtures. They have even won awards for manufacturing decorative fixtures with state-of-the-art technology. Visit www.progresslighting.com to view their large line of energy efficient fixtures.

Now that we have energy efficient, aesthetically-pleasing and functional solid state fixtures available, ask how you can learn more about making the right choice for your condominium, townhome or homeowners association. And ask today, because your lighting choice is important!

Bob McElroy of Builders Lighting and Design

11400 Melrose Ave., Franklin Park 60131 , 847-455-4290 ^ bmclroy@builderlightinginc.com ^ www.builderslightinginc.com

Continued from page 8

From its modest beginnings in the 1930s, D&O insurance has become a fixture in today's corporate world and has become mandatory in many of our states association acts. When we see it in our association insurance plans, we find out that there is a charge for the coverage but immediately we see that the charge is small in comparison to the risk involved.

Claims against directors and officers generally have been increasing over time.

D&O insurance is typically written on a "claims-made" basis. This means that a claim will be covered regardless of when the cause of the claim *occurred* – as long as the claim is made when the policy is in force.

There is always a risk of being sued. Learn how your D & O policy rates by attending ACTHA's fall expo seminar on "Real Legal Cases."



S&D ENTERPRISES, INC.

Over 50,000 Roofs Installed Since 1963

**Specializing in
Multi-Family
Projects**

Our Experience
& Technical
Know-How
Gets the Job Done
Right the First Time!

Specialized in Roofing Services & Projects for:

Tear-offs • Shingles • Soffit & Fascia
Flat Roofs • Gutters - Siding • Repairs



OWENS CORNING

Preferred Roofing Contractor



COMPLETE ROOFING SERVICE • BONDED AND INSURED
A State of Illinois Unlimited Roofing Contractor

» Call Sam or Stu Martel for a FREE Estimate

630-279-6600 • www.sdroofing.com

FALL EXPO PROGRAM INFO

Sat., Oct. 1: Deerfield and Sat., Oct. 15: Tinley Park

Both Expo's feature a trade show and "speed learning" demonstrations from 8-noon.

Registration form for Educational Seminars is on page 7 or one may register online at ww.actha.org

What Knowledge Will You Gain?

*North Expo Educational Programs**

9:30–10:30 a.m. Choose from one of three seminars:

The New Manager Licensing Law—*When will managers apply for licensure? What is needed for licensure? What types of grievances can boards file complaints on? What is the process for hearing complaints? (See below; this seminar will be repeated at the South Expo but with different presenters)*

Contracts—*What are the best practices for developing specifications and interviewing candidates? Who is the best party to negotiate contracts board, manager, professional consultant, attorney? What are suggestions for avoiding a review of ALL contracts by the attorney? Must an association use the vendor's contract?*

Real Court Cases—*What are typical acts that get boards and associations sued? Are there instances when an insurance company will not pay (See below; this seminar will be repeated at the South Expo but with different presenters)*

Noon–1 p.m. Choose from one of three seminars:

CyberFraud—*What is "cyberfraud"? What can an association do to minimize or avoid this? How do you know if your system has been compromised? If it is compromised, then what do you do?*

Owner Rights—*What rights does an owner have? What can be done if a board is non-responsive to an owner's request? What can a board do they have an owner who is obnoxiously persistent? What constitutes "proper purpose" under the law?*

Maintenance—*What building components are more important than others as regards maintenance? When is the best time to negotiate a contract (for instance snowplowing or roof maintenance)?*

**To ensure seating in the North Expo program you desire, we strongly suggest pre-registering since class room size is limited*

South Expo Educational Programs

9:30–10:30 a.m. Choose from one of two seminars:

The New Manager Licensing Law—*What is the timetable for implementation of the law? What does "grandfathering" mean? How are associations affected by this law? What about self-managed associations? (Also see above; this seminar will be offered at the North Expo as well with different presenters)*

Rentals—*What is the trend on rentals? Do the governing documents of an association always need to be considered when reversing a rental policy either in favor or against additional rentals? Can an association consider rentals for the short-term, foreseeable future? What are the practical effects when addressing this issue?*

Noon–1 p.m. Choose from one of two seminars:

Understanding Financials—*What key financial statements should a board be looking at? When looking at a particular financial statement, what does one look for and what will it tell you? What options does a board have if financial statements are not distributed on a regular basis?*

Real Court Cases—*What are typical cases brought against a board? Do associations ever sue owners? What impact does a court case have the association's insurance policy and how can the association insure they have adequate coverage? (See above; this seminar will be offered at the North Expo as well but with different presenters)*

ACTHA will offer a two-part seminar on marketing for managers at both of the fall expos. Diana Krieter, Marketing Director for Kovitz Shifrin Nesbit will be the presenter. This free program is open to ACTHA manager members only. The two-part, hour-long seminars will offered at 8:15 and 10:45 so as not to conflict with any of the above programs. Space is limited so we do encourage you to pre-register.

FALL EXPO REGISTRATION FORM

FREE PARKING! FREE BREAKFAST!!

Trade Show and "Speed Learning Demos" from 8 a.m.—Noon

THERE IS NO CHARGE TO ATTEND THE EXPO OR "SPEED LEARNING DEMO'S"
however your pre-registering will assist with planning

YES!! I want to register for the

_____ North Expo: Oct. 1, Deerfield Hyatt _____ South Expo: Oct. 15, Tinley Park Convention Center

THE FEE TO ATTEND ANY OF THE EDUCATIONAL PROGRAMS is: ACTHA Member rate: \$ 25 or \$20 if sending 3 or more from the same association; Non-member rate: \$ 45 per person

SAVE MONEY!!! Register for BOTH EXPOs and deduct \$5 from the total amount for each person attending!!!

AMOUNT ENCLOSED: _____ No amount enclosed as we are not attending the education portion.

Name of Association: _____

Address: _____ City/Zip: _____

Phone #: _____ Email Address: _____

Name(s) of Individual(s) Attending (please print): _____

Make checks payable to ACTHA. Send to: 28 E. Jackson, Suite 910; Chicago, IL 60604 or you may register online using a credit card.

NOTE: Confirmations are not sent except upon request. For the North Expo: No refunds are given after Sept. 28 and there is an additional charge of \$15 per person for anyone registering after that date or at the door. For the South Expo: No refunds are given after Oct. 12 and there is an additional charge of \$15 per person for anyone registering or paying at the door. All other cancellations are subject to a 25% handling fee.

WELCOME NEW MEMBERS!

CAPITAL 22, LLC

Derrick Hawthorne
6 W. Hubbard St., Chicago, 60654
T: 312-222-0667, F: 312-222-0671
Email: dhawthorne@capital22.com
Web: www.capital22.com

COST CONTAINMENT INTERNATIONAL

Hans Herrmann
82 N. Smith St., Palatine, 60067
T: 877-265-2799, F: 877-525-8634
Email: hherrmann@c2intl.com
Web: www.c2intl.com

FIRST EAGLE BANK

Jay Fahn
1201 W. Madison, Chicago, 60607
T: 312-850-9234, F: 312-850-1416
Email: jfahn@febank.com
Web: www.febank.com

GENESIS CONSTRUCTION, INC.

John Sparacino
522 Pratt Ave. N, Schaumburg, 60193
T: 847-895-4422, F: 847-895-0202
Email: jsparacino@genesisconstruction.com
Web: www.genesisconstruction.com

RESTORATION TECHS

Patrick Kackert
129 Flinn St., Batavia, 60510
T: 630-761-4900, F: 630-761-4905
Email: patrick@restorationtechs.com
Web: www.restorationtechs.com

ROGERS ROOFING & CONSTRUCTION INC., G. S.

Gary Rogers
3601 Edison Pl., Rolling Meadows, 60008
T: 847-202-0996, F: 847-202-1113
Email: rogerseducate@aol.com
Web: www.rogersroofs.com



Question of the Month

By: Raymond Berry, RAM, RCB Insurance Services/Traveler's Insurance
809 Huntley Woods, Crete, IL 60417 ^ 708-672-1000 ^ rcbins@comcast.net

- Q.** What would constitute a legitimate claim under an association's fidelity and D & O policies? If a claim were to be made what type of proof would be needed?
- A.** There are generally three kinds of D&O coverage, 'A-side', 'B-side' and 'C-side':

A-side: This provides coverage directly to directors and officers for losses resulting from claims made against them for their wrongful acts committed in their capacity as an association officer/director

B-side: This coverage reimburses the association for the expenses of indemnifying its directors or officers as a result of claims made against them.

C-side: This provides coverage for an association's losses, separate from directors and officer's losses.

Then what follows goes something like this. "I am just a volunteer here and I almost always vote with the majority, why would I get sued?" History of D&O tells us that in the 1930s, following the great depression; Lloyd's of London introduced coverage for corporate directors and officers. However, directors and officers did not perceive a great risk as our society was not quite as litigious as it is today, and the insurance was not immediately a big hit. In the 1960s, the market for D&O coverage was negligible. In the 1940s and 1950s, courts, corporations and directors and officers began to see benefits to corporate indemnification and prompted state legislatures to enact laws permitting it. Insurers responded to these changes by reviving specialty coverage for the "personal financial protection" of directors and officers.