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## Top issues that associations will face in the coming year

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By Pamela Dittmer McKuen, Special to the Tribune

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The days roll over into another year, and community associations face new and ongoing challenges. We asked several industry pros to tell us what's in store for 2012:

**Delinquent assessments.** As in the past several years, delinquent assessments will remain the No. 1 concern, said Christine Evans, president of Vanguard Community Management in Schaumburg.

More associations are budgeting for bad debt, which is helpful for realistic planning. However, the line item gets noticed by owners who resent paying, or paying more, to make up for those who don't.

"So we have a financial issue to deal with, plus a political issue," said Evans.

Associations need to take aggressive collection steps, such as shortening the length of time before they send delinquent accounts to attorneys and filing lawsuits for temporary possession of the units, said property manager Phil Pritzker of The Habitat Co. in Chicago.

**Foreclosures and bankruptcies.** Lenders have slowed down their foreclosure efforts, and many aren't paying assessments either. That creates holes in an association's income stream, said property manager Geneva Everett of Premier Management Services in Highland Park.

"Good-paying unit owners will be asked to bear a bigger burden," said Thomas Skweres, president of Wolin-Levin management company in Chicago. "Boards are going to be more concerned about costs, maybe even at the expense of quality."

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**Long-term deferred maintenance.** Associations in recent years have put off necessary capital projects because they don't want to increase assessments or pass special assessments for fear of causing delinquency issues, said Everett.

"The longer these projects are put off, the worse it is going to be," she said.

"When associations are having trouble just making ends meet on the routine operational expenses, it's almost impossible for some to even consider larger ticket items or funding adequately for reserves," said Evans.

**Support animals in nonpet buildings.** Associations that don't allow pets collide with residents who say they need support animals to cope with various physical or mental disabilities. Federal and state laws are on the side of the resident.

"People are pushing harder for the rights of people who have handicaps," said association attorney David Sugar of Arnstein & Lehr in Chicago.

**Chicago's city budget.** The refuse rebate, which helps condominium associations offset the cost of private trash collection, is coming to an end. A five-year phaseout, starting in 2012, reduces the annual rebate from \$75 per unit to zero. The city does not collect trash from multifamily buildings with more than four units.

"While the transition time is more humane, it still treats condo associations inequitably," said Pritzker. "It penalizes condos by making us pay twice: through our taxes to the city as well as to our private haulers."

It's not only city associations that are being affected by the latest round of spending cuts and rate increases. All associations that receive Lake Michigan water will pay significantly more, either as individual owners or through higher assessments, said Sugar.

**FHA recertification.** The Federal Housing Administration in 2010 changed its policies to require that associations, not just individual units, undergo an approval process before the agency will offer mortgage financing within the development. Because certification is valid for only two years, associations that certified in 2010 must recertify in 2012. If they don't, owners will miss out on a large number of shoppers.


Between 40 and 60 percent of condominium buyers seek FHA financing, estimates Steve Stenger, president of Condo Approval Professionals LLC in **Lake in the Hills**.


**Manager licensing.** Nearly everyone who performs management services for community associations in Illinois will need a license in 2012. Associations should learn the requirements to make sure their managers are in compliance, said Sugar.

Bedbugs. These pesky little critters have moved into some of the nicest addresses in town, said Sugar.


"Associations are wrestling with who should pay for the extermination," he said.



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