

ASSOCIATION BANKING: ARE ALL BANKS ALIKE?

Most associations evaluate employee performances and vendor/contractor services on a regular basis, but rarely are banking services evaluated. I believe the main reason is that contractors usually perform via a contract, which usually spells out performance with a beginning and ending time period. All parties involved have to agree to contractual service changes and price increases. This is usually not the case with banking services and is probably the primary reason why bank services are not reviewed by associations on a regular basis like other service providers. Banks can change the fee structure and the quality of service unilaterally without negotiating these services with their clients. Clients may be totally unaware that changes have taken place.

Two local banks that “stand out” and aggressively go after association business are People’s Community Bank and Premier Community Bank. These two financial institutions not only actively solicit association business, but also create a bank structure with trained staff to receive association business.

“Our bank has developed a unique specialization in providing financial services to condominium and homeowners associations and their management companies and has sincerely committed itself to this industry” states Rick Halloran. Rick Halloran is Senior Vice President and chief lending officer of People’s Community Bank. Rick began focusing on this industry approximately 10 years ago when he provided consulting services for residents of associations.

According to Janet Romano, Vice President and Community Association Specialist for Premier Bank states: “Premier Community Bank is a full service community bank that has specialized in working with community associations since 1986. Our bank is active in the community association industry throughout the State of Florida and we have a staff of 18 full time employees in our Association Department and have employees who serve on the Community Association Institute’s National Banking Committee and on five CAI Boards of Directors in Florida and on the Florida Legislative Alliance.”

THE NEIGHBORHOOD BANK

Having brick and mortar with a bank sign in your neighborhood can be deceiving and no longer guarantees better and “personalized” service. Many times services previously available at local branches are now centralized somewhere out of town or even in another state only to be achieved via an 800 telephone number and a recording discounting the importance of “neighborhood” banking. Very few services that meet the needs for associations are actually provided at the neighborhood branch.

According to Rick Halloran, “The great thing about our bank is that 100% of the decisions are made right here in Sarasota by people you deal with on a daily basis. We can customize products and services to meet the needs of individual associations, management companies, and other local businesses. We do not believe in developing a one size fits all type of program. We are always available to attend board meetings and

your association and its unit owners will receive the highest level of personal service available in the industry.”

According to Janet Romano: “Premier Community Bank is part of a three-bank holding company PCB Bancorp Inc. Each bank can offer \$100,000 in FDIC insurance on deposits for associations. So if an association has more than \$100,000 in reserve accounts, your local banker will help your association to open an account in one of our sister banks in either St. Petersburg or Fort Myers to take advantage of FDIC insurance on all association funds.”

WHAT SHOULD ASSOCIATIONS EXPECT

1. Check writing and clearing services with no or low service charges.
2. Loan or credit line service with competitive rates.
3. CD and money market interest rates that match or meet the published rates of competing banks.
4. A local lock box receivable system to receive maintenance fees from association members.

Both People’s and Premier Community Banks have perfected the “lockbox services“ like no other bank in the area. This is how it works: The bank prints coupons for each unit owner’s maintenance payments. The unit owner then mails the payments directly to the bank. The payments are deposited in each association’s account the date they are received. The next business day an electronic file is emailed to the association’s office to be uploaded into the accounting program to credit unit owner accounts for the payments received.

Bank employees handle all lockbox services locally, including the printing of coupons. Since there is no third party involved in handling association payments, a smooth and virtually error free processing system has resulted. Should an analysis be required it can usually be completed within 48 hours instead of weeks as we have witnessed with large regional banks.

Although the “lock box” system for association receivables is nothing new, these banks have taken this process to another level allowing for a tremendous time saver for the manager or managing agent since it eliminates monthly billing, opening payment envelopes, making up deposit slips manually, making deposits and keypunching unit owner payments into the computerized accounting system. In addition to being a time saver, the system benefits the association because the unit owner payments are mailed directly to the bank and deposited the day they are received. This eliminates processing delays and yields more interest for the association.

Many accountants and attorneys who work with associations recommend using a bank lockbox service since this provides a separation of responsibilities. The managing entity handles all accounts payable and issues checks and the bank handles the receipt of maintenance fees. This is a proven way to minimize the risk of fraud.

To handle any deposits that go to the association office, a courier is made available several times a week thus eliminating the time the manager spends running to the bank. Furthermore, all associations, and unit owners of those associations receive great perks such as enhanced CD rates, free accounts, statement imaging, etc. Best of all, there are no charges for these services and no minimum balances required.

Unit owners that like to have their maintenance payments debited directly from their personal checking accounts also have that option available. The banks can debit maintenance payments from any bank account within the United States. Unit owners can sign up for this service at no additional cost to the association and save the monthly cost of postage. Unit owners who travel find this a convenient way to be sure they always pay on time.

It's unfortunate that the large regional banks have largely ignored the needs of many associations in this area.

For more information on products and services offered by People's Community Bank, feel free to contact Rick Halloran at 365-5934. While Janet Romano with Premier Community Bank may be reached at 342-7889.

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