

THE REAL COST OF SELF-MANAGEMENT

What Volunteer Boards Often Underestimate About Running an Association

A practical guide to time, continuity, compliance, financial administration, and choosing the right level of professional support.

Self-management can work. The real question is whether it is sustainable.

A Board should understand not only what it can do itself today, but what happens when the people, time, or expertise carrying the workload are no longer available.

Because Communities Deserve Better!

Community Association Management, Limited

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Self-Management Can Work - Until the System Depends on the People

Many associations successfully self-manage for years. A capable Board may know the community well, have committed volunteers, and prefer to keep day-to-day control close to home. Self-management is not inherently a problem.

The risk appears when the association is not being managed by a repeatable system, but by a few individuals who happen to know how everything works. The treasurer understands the books. The president knows the bank. One director answers most homeowner questions. Another keeps the contracts. That arrangement may work - right up until one of those people resigns, moves, becomes ill, burns out, or is suddenly unavailable.

The standard

A sustainable self-managed association should be able to change Board members without losing control of its money, records, processes, deadlines, or institutional knowledge.

Where self-management can work well

- The community is relatively simple and the Board has enough volunteers with the time and skills to carry the workload.
- Responsibilities are documented rather than living only in one person's memory.
- Financial controls, records, passwords, contracts, and deadlines are maintained in shared association systems.
- The Board knows when professional accounting, legal, insurance, engineering, or management support is needed.
- Success does not depend on the same one or two people serving indefinitely.

1. The Work Is Bigger Than the Board Meeting

Self-management is often evaluated by asking, "Can our Board run the meetings and make the decisions?" That is only a small part of the workload. An association is also a business operation with recurring financial, administrative, service, compliance, records, and vendor responsibilities.

Responsibility	What it actually includes
Financial administration	Assessment billing, payment posting, accounts payable, reconciliations, financial reporting, budgeting, collections, tax coordination, and reserve funding.
Homeowner service	Account questions, payment questions, document requests, routine correspondence, status updates, and issue tracking.
Governance & records	Meeting notices, minutes, corporate records, governing documents, elections, resolutions, and document retention.
Operations	Work orders, contractor coordination, maintenance follow-up, emergency issues, access systems, and project tracking.
Compliance & ARC	Inspections, violation tracking, hearings and fines, architectural applications, deadlines, approvals, and records.
Risk management	Insurance renewals, vendor insurance, contracts, claims, banking access, fraud controls, cybersecurity, and legal/regulatory changes.

None of these duties disappears because the people performing them are volunteers. The work simply shifts to the Board.

2. The Hidden Cost Is Not Just Time

Time cost

Billing, owner questions, collections, financial follow-up, vendor coordination, and records administration can consume evenings and weekends long after the Board meeting ends. The time burden usually grows gradually, which makes it easy to normalize until volunteer service starts to feel like a second job.

Continuity cost

A Board can operate very effectively while the right people are serving and still have a fragile management model. If the accounting process, bank relationships, passwords, vendor history, or compliance schedule is understood by only one person, turnover becomes an operational event instead of a normal governance transition.

Relationship cost

Self-managed directors are asked to be both neighbors and administrators. The same person may have to collect money from a neighbor, respond to a complaint, enforce a rule, reject an architectural request, or explain why a vendor was not paid. Professional support can create useful separation between Board policy decisions and routine administration.

Opportunity cost

Every hour spent posting payments, answering routine questions, or tracking paperwork is an hour the Board is not spending on reserves, capital planning, vendor performance, insurance, long-term priorities, and the decisions that actually require Board judgment.

3. Continuity Is a Financial Control

Some of the most serious self-management risks have nothing to do with dishonesty. They happen because an association unintentionally gives one volunteer too much exclusive control or knowledge.

A real continuity risk

In one association that later became a Community client, the Board president was the only authorized signer on several association certificates of deposit. After she died unexpectedly following a fall, the association spent nearly a year - with attorneys and the estate involved - working to regain control of its own funds. The issue was not fraud. It was a system that depended on one person being available.

Questions a self-managed Board should be able to answer

- Who can access every association bank and investment account?
- Are there at least two appropriate people who understand how financial access is maintained and changed?
- Where are banking credentials, contracts, insurance records, tax records, and governing documents maintained?

- Can another director step into the treasurer or president role tomorrow without rebuilding the process from scratch?
- What happens to access when a director resigns, sells the home, becomes incapacitated, or dies?
- Which processes depend on a personal email account, personal computer, spreadsheet, or memory?

A good management model should survive normal Board turnover. If changing one volunteer puts access to money, records, or operations at risk, the association has a continuity problem even if everything is working today.

4. Volunteer Status Does Not Remove Business Obligations

An association may be run by volunteers, but it still has tax, corporate, contractual, financial, and legal responsibilities. One recurring problem with self-management is not bad intent - it is simply not knowing what must be done or when requirements have changed.

Taxes are an easy example

Homeowners associations generally have a federal income-tax filing obligation. An association may elect to file Form 1120-H when it qualifies, or it may use another applicable corporate return. The filing obligation exists even when the association is nonprofit in everyday conversation and even when the Board members serving it are volunteers.

1 Internal Revenue Service, Instructions for Form 1120-H (2025): a homeowners association may elect to file Form 1120-H; if it does not make that election, it generally files the applicable income tax return, such as Form 1120. State filing requirements vary.

State requirements also vary. North Carolina and South Carolina treat HOA tax and filing questions differently, which is exactly why a Board should not assume that "we are a nonprofit" means "we do not file taxes."

2 North Carolina Department of Revenue, Nonprofit Corporate Tax Information; South Carolina Department of Revenue, Corporate FAQs - Homeowners' Associations, accessed September 2026.

Other risks are less obvious

- Federal and state laws affecting associations change over time.
- Collection practices that feel practical to a volunteer Board can create unnecessary legal, privacy, or reputational risk. Publicly posting a list of owners who owe assessments is one example of a practice that should be reviewed with association counsel before a Board considers it.
- Meeting, notice, records, hearing, election, and enforcement requirements may be controlled by governing documents and applicable law.
- Insurance, vendor, banking, tax, and corporate filings have deadlines that continue regardless of Board turnover.

Professional support does not replace the Board's fiduciary responsibility.

The Board still governs the association and makes the decisions reserved to it. Professional support can provide systems, expertise, continuity, and execution so volunteer directors are not expected to become accountants, collectors, compliance administrators, technology administrators, and legal researchers at the same time.

5. Board Turnover Is the Stress Test

The true test of a self-managed system is not how well it works with the current Board. It is how well it works after the next election.

A healthy association should be able to change officers without losing access to accounts, missing a tax filing, overlooking a collection deadline, forgetting an architectural request, or discovering that years of records live on a former director's laptop.

Warning signs that the system depends too heavily on individuals

- Only one person understands the accounting or banking process.
- Association records are stored primarily in personal email accounts, computers, cloud drives, or homes.
- The Board cannot quickly identify all recurring deadlines and who owns them.
- A departing director must personally train the replacement because there is no documented process.
- Homeowner history, vendor history, or collection activity is difficult to reconstruct when leadership changes.
- Passwords or access credentials are shared informally rather than administered as association assets.

6. Professional Support Does Not Mean Giving Up Control

The choice is not limited to "do everything ourselves" or "turn everything over to a full-service management company." A Board can decide which responsibilities it wants to keep and which functions would benefit from professional infrastructure.

Community offers four service models so associations can change the division of responsibility as their needs change.

Service model	How responsibility is divided
Accounting Only	Professional financial administration while the Board retains operational management. Community provides the accounting, assessment/payment processing, collections, financial reporting, budgeting support, vendor approval and insurance monitoring, and related financial infrastructure. Homeowners receive online account access and payment capability.
eManageSuite	A self-management platform with broader administrative tools. The Board still performs operational management, including handling work orders, compliance activity, and ARC decisions, while Community provides the financial backbone, homeowner account services, collections, records infrastructure, and technology used to track many of those processes.
Partner Basic	Professional management with a broader transfer of day-to-day responsibility to Community, while the Board continues to govern, set policy, approve major decisions, and direct the association.
Partner Plus	Community's most comprehensive management model, adding the strongest field support and operational services for associations that want the greatest transfer of day-to-day management responsibility.

The association can change as its needs change

Community clients are not locked permanently into the service package they first choose. An association can move between Accounting Only, eManageSuite, Partner Basic, and Partner Plus as its needs change by signing a new one-year agreement that replaces the remaining term of the existing contract.

The better question

Do not ask only, "Should we self-manage?" Ask, "Which responsibilities does our Board want to keep - and which responsibilities would be safer, easier, or more sustainable with professional infrastructure behind them?"

7. What the Board Keeps - and What It Can Hand Off

Responsibility	Accounting Only	eManageSuite	Partner Basic	Partner Plus
Board governance & policy	Board	Board	Board	Board
Accounting, billing & financial reporting	Community	Community	Community	Community
Collections administration	Community	Community	Community	Community
Homeowner account access & online payments	Community platform	Community platform	Community platform	Community platform
Routine operational management	Board	Board	Community	Community
Work-order administration	Board	Board using eManageSuite tools	Community	Community
Compliance inspections / enforcement administration	Board	Board using eManageSuite tools	Limited / package-specific	Community / package-specific
ARC administration	Board	Board using eManageSuite tools	Community / package-specific	Community
Board strategic decisions	Board	Board	Board	Board

Service boundaries shown at a high level for educational comparison. Specific included services, optional services, and fees are governed by the current Community service offering and management agreement.

8. When Is It Time to Add Professional Support?

There is no single unit count, budget size, or amenity list that determines when self-management stops making sense. The better indicators are workload, continuity, control, and whether the Board is spending its time governing or administering.

- One or two volunteers hold most of the institutional knowledge.
- Board members regularly spend significant time answering homeowner account or service questions.
- Collections are inconsistent, uncomfortable, or handled differently depending on the owner.
- Financial reports are delayed, difficult to understand, or not routinely reconciled to the bank.
- Tax filings or regulatory requirements are handled reactively rather than through a recurring process.
- Records are scattered across personal email accounts, computers, paper files, or individual cloud drives.
- The Board worries about what will happen when the current treasurer, president, or key volunteer leaves.
- Compliance, ARC, work orders, or vendor follow-up depends on someone remembering rather than a system producing the next action.
- Meetings are dominated by administrative details rather than decisions, priorities, and long-term planning.
- The Board wants help with part of the workload but does not want or need full-service management.

9. Self-Management Should Be a Deliberate Choice - Not a Default

A Board may decide that self-management remains the right model. That can be a sound decision when the association has the right people, controls, systems, documentation, and professional resources around it.

What should concern a Board is not self-management itself. It is a management model that works only because a small number of volunteers are willing to carry an undocumented workload indefinitely.

A sustainable model survives the next Board.

The association should be able to change officers, change volunteers, or increase the level of professional support without losing control of its money, records, deadlines, or service to homeowners.

How Community Supports Associations at Different Stages

Community Association Management, Limited is an independently owned, AAMC-accredited community association management company serving North Carolina and South Carolina. For more than 20 years, Community has built service models that allow Boards to choose how much operational responsibility they want to retain.

Four service models. One operating platform.

- Accounting Only for Boards that want to retain operational control while professionalizing financial administration.
- eManageSuite for self-managed Boards that want stronger financial, administrative, records, and technology infrastructure.
- Partner Basic for associations ready to transfer a broader share of day-to-day management responsibility.
- Partner Plus for associations seeking Community's most comprehensive management and field-support model.

Because the packages operate within the same broader Community environment, an association can increase or decrease its level of support as its needs change rather than rebuilding its management infrastructure from the beginning.

Professional infrastructure behind the Board

- Integrated accounting, financial reporting, collections, and budgeting support
- Banking controls and daily reconciliation within Community's required banking environment
- Homeowner account access and online payment options
- Vendor approval and insurance monitoring
- Electronic records and documented workflows
- Resident Services support based on the selected service model
- AAMC accreditation, professional development, and specialized departmental resources

Is Your Board Managing the Association - or Has Managing the Association Started Managing Your Board?

The right level of support depends on what your Board wants to keep, what it wants help with, and how much operational responsibility volunteers realistically want to carry year after year.

Community can help your Board compare Accounting Only, eManageSuite, Partner Basic, and Partner Plus and identify a management model that fits the association today - with room to change as the community evolves.

Visit communityassociationmanagement.com to learn more or request a conversation about your association's management needs.

Because Communities Deserve Better!

Educational Notice: This white paper is intended for general educational discussion. It is not legal, tax, insurance, investment, or accounting advice. Association requirements vary by governing documents, contracts, tax status, and applicable law. Boards should consult qualified professionals regarding specific legal, tax, insurance, accounting, or investment questions.