



From the President:

To our clients:

HOAMCO is proud to announce the opening of our new headquarters building at 531 Madison Avenue in Prescott. Increasing our office space from 3,000 sq. ft. to 8,500 sq. ft., our new home will allow us to add the staff and equipment necessary to service our clients' future growth needs. The beautifully appointed offices and boardrooms will also provide the type of meeting venues worthy of our clientele. Please feel free to visit our new offices at anytime. We would love to see you.

Community associations hire managers for two reasons: to carry out the policies of the Board of Directors and to manage the associations' day-to-day business affairs. HOAMCO is dedicated to fostering vibrant, responsive and competent community associations that promote harmony, community and responsible leadership. We believe in community associations and furnish all the tools necessary for success.

A sign of the times is the increase in legal challenges faced by communities. This is one area in which HOAMCO's staff excels. Our clients can be assured of our diligence in monitoring, assessing, and actually participating in, the pervasive testing of laws, rules and covenants. We feel mandated to take this proactive approach in order to maintain the quality of life our clients deserve.

HOAMCO is committed to providing our clients with services unsurpassed in the field of association management. In that vein, this newsletter is dedicated to outlining the professional services our clients receive. Our bottom line is to enhance the operation, lifestyle and property values of homeowner associations through knowledgeable, effective direction, advice and services. We encourage all our clients to contact us at anytime, for any reason. We are here solely to serve YOU!

Respectfully yours,

A handwritten signature in black ink, appearing to read 'Justin D. Scott', is written over a circular stamp or seal.

Justin D. Scott, President
CMCA, AMS

— MANAGEMENT OPTIONS —

Community association management involves a myriad of details ranging from common area lawn care to insurance coverage and taxes. Because of the size and complexity of a community association, also known as a common interest community, a manager must be able to juggle numerous people and responsibilities, including contractors, association employees, board members, committee volunteers, and demanding owners.

The developer is the first person to run a community association. When the community is built, the developer creates a member-based association with voting rights and assessment obligations for each individual property owner. The developer usually holds a voting majority through much of the development period. At some point, voting control of the association passes to the new homeowner board.

All new boards—whether or not they are controlled by the developer—must choose a form of management for the association.

1. Assign management to owner volunteers. This is a cost-effective option for associations that do not require expert management and whose members have the time, knowledge, skills, and dedication for the job. However, owner volunteers are often reluctant to take on a heavy work load over a long period of time and interrupt management continuity with high turnover. While volunteer management works for some associations, it is too difficult for many others.

2. Hire a manager. If the board selects this option, it should look for a qualified individual with extensive skills and experience. Make sure a backup manager is available for days when the em-

ployee is sick or on vacation. The board must understand that few individuals possess the experience and expertise needed to competently manage a community association.

3. Hire an association management company. If the association chooses this option, it should find an expert in the field of association management. Experienced management companies can provide the staff resources to meet unexpected needs. Professional management is also a good option for associations with many details to supervise, control, and maintain.

4. Put together a management system that combines elements of these three approaches, and any other available resources. One way to meet the association's needs may be through a volunteer manager who is assisted by volunteer committee chairpersons, advised by a professional association management consultant, and supported by contract management services for finances and maintenance.

Because communities differ widely, the association should consider several factors when determining which type of management best serves its needs, including the size and complexity of the association. Large associations often require more sophisticated management techniques than small associations. The board should also consider the financial resources; complexity of the physical plant; availability of volunteers; legal requirements (some association documents require certain types of management); and the number of services and amenities offered by the association. Even small associations may be complex enough to make self-management unrealistic.

ADVANTAGES AND DISADVANTAGES OF THE THREE TYPES OF MANAGEMENT

Volunteer Self-Management

Advantages

- Low cost
- Direct control
- More sensitive as neighbors

Disadvantages

- Difficult to "fire" a volunteer
- Risk unnecessary costs due to mistakes
- Difficult to find and to motivate volunteers
- Inadequate volunteer performance
- Loss of continuity due to volunteer turnover
- Lack of skill and expertise

Association Paid Staff

Advantages

- Better board control
- Staff may be more responsive than independent contractors
- Can select specific personalities to match the association's needs
- Full-time management presence

Disadvantages

- Board must deal with personnel issues
- Difficult to maintain cost/benefit ratio
- Difficult to find and to retain appropriate people; loss of continuity when turnover occurs
- Problems may arise from vacations or sick leave
- Staff may not be impartial in political environment

Management Firm

Advantages

- Depth of personnel with varied experience
- Tends to be more politically neutral, objective
- Operational systems are in place
- Less disruption from staff turnover

Disadvantages

- The board must find the right company with proper qualifications and desirable personnel
- Can be aloof and removed from association
- More costly due to higher level of expertise
- Board has limited control over management personnel

CHECKLIST OF MANAGER RESPONSIBILITIES

**To fulfill his or her duties, the manager must:*

PROPERTY MAINTENANCE

- Inspect the association's common properties, equipment, and other facilities
- Inspect any components of individual properties involving association responsibility for maintenance
- Make sure the association's property is kept in compliance with laws and ordinances

SERVICE

- Ensure trash and garbage collection
- Plan landscape maintenance
- Arrange for pest control
- Set up domestic water and other utilities
- Hire security services
- Hire swimming pool lifeguards
- Coordinate recreation activities

ADMINISTRATION

- Set up emergency call service
- Respond to general correspondence
- Develop and maintain effective complaint procedure and resolution
- Keep records of legal documents, property deeds, construction plans, member rosters, financial statements, contracts, annual reports, and meeting minutes
- Provide support for volunteer leadership
- Develop and administrate contracting procedure covering bid invitations, bid analysis, negotiation contracts, monitoring, inspection, and payment
- Create and maintain an effective personnel employment procedure including recruitment, training, supervision, payroll, and handling of social security payments, unemployment taxes, and retirement plans
- Make sure the annual report is written and distributed

FINANCES

- Annual operating budgets and long-term reserves budgets for capital improvements are prepared for board review and adoption
- Make sure assessments, user fees, and other receivables are collected
- Make sure checking, savings, and other accounts are set up, maintained, and reconciled
- Association disbursements are made in accordance with board-approved budgets
- Financial statements are prepared periodically
- Income and expense comparisons are made with budgets and corrective action is suggested to the board when advisable
- Assist the board's accountant in performing the audit and in preparing tax reports

**Since associations have varying needs, this checklist is not comprehensive.*

Some items are outside the manager's realm of responsibility. For instance, the manager must not:

- Act as liaison between an owner and the developer regarding construction, sale, or warranty repair of an individual property
- Maintain or repair any item of an individual property unless it is the association's responsibility
- Make structural changes, alterations, or additions to the common property unless authorized by the board or in the case of an emergency that threatens life or property
- Advance his or her own funds to pay association bills
- Supply an audit for the yearly income expense report, but may invite audit proposals for the board's selection
- Provide legal advice, appraisals, investment advice, or real estate brokerage services for the owners
- Take direction from any owner other than the president or board designee

GENERAL MANAGER'S RESPONSIBILITIES

LANDSCAPING

The manager can help maintain property values by selecting a qualified landscape maintenance contractor. Begin by paying close attention to the contract. Make sure it includes performance criteria that detail exactly what the association wants done and a maintenance schedule that details when the work should be done.

Then invite the prospective contractors to an on-site inspection of the community. This will give the contractors the opportunity to show off their knowledge and will help the association clarify its expectations.

When the manager makes the final bid selection, he or she should make a visual inspection of the contractor's equipment and refer to a checklist of what the association needs from a landscape contractor.

ENERGY AND WATER CONSERVATION

If an association is interested in conserving energy, the manager can assist by arranging for an energy audit. Energy audits determine whether or not a building is wasting energy, and if so, where. Audits also determine the efficiency of a building's heating and cooling systems, and ways to conserve hot water.

A *walk-through* is the most common type of energy audit. It involves a room-by-room examination of a building, as well as a thorough examination of past heating and cooling bills. A walk-through notes several items, including: the amount of insulation in attics, crawl spaces, unconditioned basements, and other visually accessible parts of the building; type of building construction; and types of windows and doors.

The manager may also want to investigate solar energy options. Solar energy systems work by absorbing solar radiation in a collector and storing it. The stored heat is then distributed to the building space. An auxiliary heater provides backup heat for times

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General Manager's Responsibilities (continued)

when the solar system is not working (e.g., at night or on cloudy days).

But setting up a solar energy system can be expensive. The manager should help the association investigate its options thoroughly before committing to an expensive solar energy plan. For more information on solar energy, contact your state energy office.

COMMUNICATION

Communication is essential to effective association operations. The manager can aid association/resident communication by distributing information to residents on a regular basis.

NEWSLETTERS

One of the best ways to communicate with residents is to produce and distribute an association newsletter. An effective newsletter should be easy to read, full of important information about people and events, and timely. The format and presentation will determine whether it is read or not. Lighthearted, eye-catching artwork encourages reading, as does a varied and attractive layout.

Typical association newsletter articles may include social events, meeting notices, welcome to newcomers, status of common area repairs, rules and regulations, meeting recaps, financial reports, committee reports, calendars of events, important emergency numbers, etc.

WELCOME PACKET

Make sure new residents receive a welcome packet that includes essential information about the association. Common items for a

welcome packet include:

- A welcome letter
- Copies of the community association's rules and regulations
- A list of services available
- A copy of sale and leasing restrictions
- An emergency procedure list
- A list of important phone numbers

The information—not the package—is the most important aspect of the welcome kit. Many associations put together effective kits that are packaged in simple typewritten form. If time and money allow, the association may opt for a more sophisticated printed manual.

ANNUAL MEETINGS

Since annual meetings often draw higher attendance than regular board meetings, the manager may want to help the board take extra steps to ensure a smooth-run meeting.

- Check the documents for time and location requirements. Many offering plans require the association to conduct the meeting on a specific date and within a specific distance of the association.
- Check the documents for requirements on how, when, and to whom the board must send notice of the meeting. Most associations require the board to send notice of the meeting to all owners at least 20 days prior to the meeting.
- Determine how the elections work and the length of the officers' terms. Some communities elect officers. Others elect the members of the board, and the board members elect the officers.
- Determine whether or not the board will have a general or specific proxy and who can accept a proxy.

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