



Industry *insider*

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A MESSAGE FROM OUR PRESIDENT

Straight Talk



As I write this, we are just barely into the 2007 legislative session, and already a number of HOA-related bills have been presented. These bills, if signed into law, could impact the language included in your community's governing documents.

The term governing documents generally relates to the

Covenants, Conditions and Restrictions (CC&Rs), the Bylaws, the Articles of Incorporation, Design Guidelines or Architectural Committee Rules and any other Rules and Regulations that provide governance over community associations. And while these documents are typically prepared by an attorney, we at AAM, with our nearly 20 years of industry experience, welcome the opportunity to review the paperwork for applicability, practical implementation and to ensure compliance with any new legislation.

When drafting your community's governing documents, it is important to keep several key points in mind. Here are a few guidelines:

CC&Rs must provide protection for the Declarant and/or Developer and Builders during the development of the Association in regard to easements and claim and dispute resolution/legal actions. It is also vital that language be included to describe the transition of the Association to homeowner control, the ability to assess dues to support the ongoing operations of the

Association and the ability to lien for those dues or assessments which helps insure the financial stability of the Association.

An important consideration for the Bylaws is to provide for achievable quorum requirements for Annual and/or Membership meetings. When quorum requirements are set too high (e.g. greater than 10 percent of the number of Members in the Association), it is almost impossible to hold Annual or other Meetings of the Members during which critical Association matters are voted on such as the election of new Board members. Condo law sets a membership meeting quorum at 25 percent unless the documents state otherwise.

Design Guidelines or Architectural Committee Rules should contain language that helps homeowners create an environment within their lots that is in keeping with the theme and look and feel of the community as intended by the Developer and any applicable Development Agreements.

As the legislative session progresses, we will be monitoring industry-related activity closely and will keep you apprised of any changes affecting you directly. In the meantime, please feel free to put our nearly two decades of experience to work for you if you have questions regarding the governing documents of your community or portfolio of communities.

Amanda Shaw, President of AAM, LLC

Cornerstone of the Business

TEAM SPOTLIGHT ACCOUNTING



Left to Right: Matt Murphy, Kortney Song, Michelle Dennis, Drew Schroder and Niki Tran.

Preparing monthly financial statements, monitoring monthly and year-end journal entries and taking care of miscellaneous deposits and refunds are all in a day's work for AAM's busy staff accountants.

The team of five is responsible for all things relating to maintaining clients' financial peace of mind, said Michelle Dennis, senior staff accountant.

"It's comforting for our clients to know that there is someone looking out for their community, making sure the finances are all in order," she said. "Our job is to make sure things are allocated appropriately, that all bank accounts are reconciled properly and that interest rates are monitored to ensure the association is getting the best return on its investment."

On top of all that, the accountants are available upon request to answer individual questions from board members. The accountants will also walk new clients, board members and committee members, through the intricacies of understanding an association financial statement. If you are interested in scheduling a training presentation, please contact AAM's Business Development team at (602) 957-9191.

FAST FACTS

Does your community have an up-to-date reserve study?

If not, you may be missing out on a valuable tool that can help keep your community operating in the black.

A reserve study is an in-depth analysis of both the physical components and the financial status of the Association's long-term funding and planning. Among other things, a reserve study provides a savings plan which allows you to make small monthly contributions to your reserve account in order to have sufficient funding available when each asset needs to be repaired or replaced.

Special assessments, which are often substantial and usually unfairly apportioned, are no longer required each time an asset needs replacement. And there's no guessing as to how long a component will last or how much it will cost.

According to Karl Thompson, vice president of RDA, the leading reserve study firm in the Valley, a reserve study is not necessarily a preventative maintenance plan, but serves as an assurance that the cost of future repairs or replacements will be adequately covered.

RDA recommends updating your community's reserve study every three years, and, perhaps most importantly, appointing a person to track the reserve's spending once the study is done. The cost of the study depends on the number of community assets and common amenities, and typically ranges from \$500 to several thousands of dollars.

If you are interested in obtaining or updating your community's reserve study, please contact your community manager. We'd be happy help you make the necessary arrangements.



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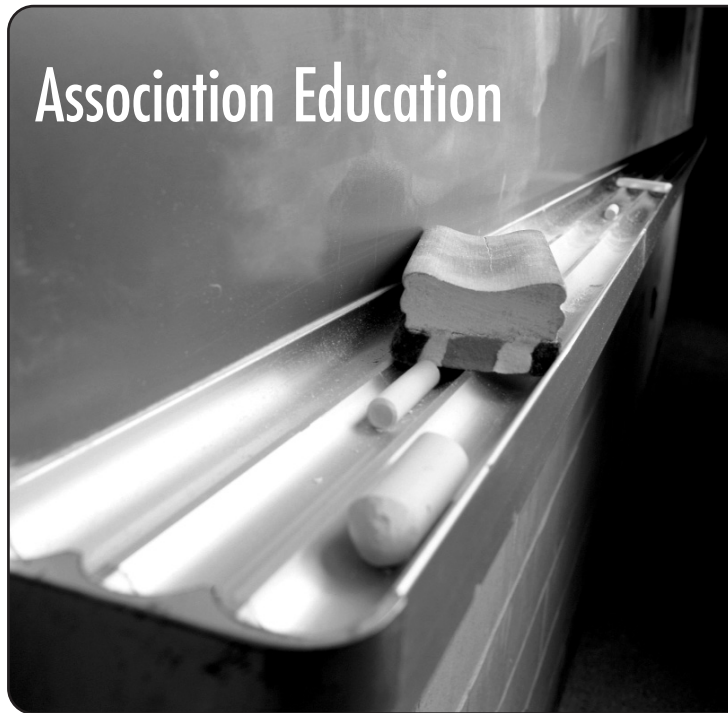
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News You Can Use

Mark your calendars now and plan to attend our upcoming Legislative Update - the latest in our series of continuing education classes -- scheduled for **9 a.m. to 11 a.m., Wednesday, July 11 in the AAM classroom, 7740 N. 16th St., Ste. 300, Phoenix.**

This informative meeting promises to bring you up to date on the Legislature's most recent activity concerning our industry. You won't want to miss it! Breakfast will be served. To reserve your seat, please contact **Gina Jerome at gjerome@aamaz.com or 602-288-2675.**

Association Education



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