



# Industry *insider*

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## A MESSAGE FROM OUR PRESIDENT



**AMANDA SHAW**  
*President of AAM*

## Transitioning from Developer to Homeowner Control – The 7-Step Program

Transition of a community association to homeowner control is not a one-day event – it is a process that starts from day one of the community and continues until the homeowner Board is elected. Planning and executing a successful and issue-free transition can be broken down into this 7-Step Program.

### **STEP 1 – Set the Stage and Involve AAM from the Beginning.**

Let us assist you with review of your governing documents (CC&Rs, Bylaws and Articles of Incorporation) to help ensure they will be good working documents that the community can live with and not incur legal costs to interpret later. In conjunction with this review process, let us prepare the community's rules and regs, design guidelines, fine policy and collection policy utilizing our knowledge of best practices and experiences (i.e. what has worked and what has not worked) from the hundreds of other associations for which we have worked. We can also review and comment on bulk service agreements and shared cost agreements based on past experience. When the documents have been recorded, approved or filed, let us provide training for your Sales Associates so that they have all the information they need when buyers ask association-related questions. Lastly, don't forget about getting the common areas deeded to the Association as soon as the applicable plat or plats are recorded and the CC&Rs are recorded! We are here to help you with this process and in obtaining common area valuation for the common area tracts.

**STEP 2 - Have AAM Prepare the Association's Budget Prior to Issuance of the Public Report.** By having you complete one of our community-specific budget questionnaires, we can develop the best possible built-out budget with the most accurate and equitable assessment possible. This may prevent the need for large, unpleasant increases in assessments during the course of development and/or after transition. The timing is critical and this budget should be completed prior to the issuance of the first Public Report so that the buyers (future homeowners) are getting good information from the start.

**STEP 3 – Provide for Adequate Reserves** – Transitions go much smoother when homeowners know that their communities are financially stable and prepared to handle future repair and replacement of their assets. Let us order a reserve study as soon as you have applicable plans (walls, drainage, recreation centers, landscape, tot lots and any other amenities) so that we can be sure we have provided for the appropriate level of reserve funding through the operating budget. It is also important to consider reserve fund fees, working capital fees and/or community enhancement fees to include in the CC&Rs that will provide additional funding for reserves and operating funds in perpetuity.

**STEP 4 – Document and Signoff on Landscape or Other Improvements.** AAM has detailed punch lists we use when participating in landscaped common area walk throughs, lake walk throughs, building walk throughs and recreation center walk throughs. It is imperative that this type of documentation exist to memorialize issues that were noted and corrected and that all parties (the developer or builder, the landscape architect, the landscape installer, the landscape maintenance company and AAM) agreed to the assumption of maintenance by the Association on a certain date. It is also important that as-built plans are provided to include in the Association's permanent records.

**STEP 5 - On-going Communication with Homeowners.** The best way to eliminate bad information is to provide good information on a constant and consistent basis. When homeowners receive timely and correct answers to their questions, it helps create a more stable community environment in which rumors have no undue influence. Websites have become a successful real time, fast and easy way to update homeowners on what's going on in their community and to eliminate bad information that may be floating around. AAM provides websites for more than 60 of the communities we manage and the number grows almost weekly! In addition,

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## TEAM SPOTLIGHT



**KIM OLSON**  
*Director of Community Services*

## Cornerstones of the Business

Developers whose communities are in a start-up phase or under Declarant control likely will come in contact with AAM's Kim Olson at some point.

Olson, who joined AAM in February 2007 as Director of Community Services, sums up the purpose of her position succinctly: "to serve our builders and developers with the needs of their communities." Her job entails a variety of functions, including reviewing governing documents, creating design guidelines, drafting resolutions, updating boards and committees, as well as answering questions or concerns that may arise in a community.

She also sits on the Architectural Committee for associations during the period of Declarant control to process architectural requests as well as completes Architectural Committee training for homeowner-controlled committees, once an Association transitions to homeowner control. Additionally, she assists with facilitating regular meetings with AAM's developer clients and the Community Managers for their communities.

"I am a point of contact for any questions our developers and builders may have," said Olson. "I really enjoy the versatility of my position – it's never boring!"

Although Olson is a relative newcomer to AAM, she has had considerable experience working with the company from the developer side. Her background provides valuable insight into what developers and builders really need from their management companies.

Olson, a Virginia native, has lived in Arizona for more than 30 years. She is married to Roger Olson, and between the two of them, they have four daughters, one granddaughter and a second grandchild due in August.

# News You Can Use:

## MAY DEVELOPER TRAINING

You won't want to miss our next developer training session. Mark your calendars now and plan to join us!

Central Arizona Groundwater Replenishment District (CAGR) and Community Facilities Districts (CFD):

*How They Affect You as a Builder*

9 a.m. - 11 a.m., Wednesday, May 21

AAM Corporate Office, 7740 N. 16th St., Ste. 300, Phoenix

Continental breakfast will be served.

Please contact **Gina Jerome** at [gjerome@AAMAZ.com](mailto:gjerome@AAMAZ.com) or (602) 288-2675 to reserve your seat.

### 7-Step Program continued

your attendance at membership meetings during development is a good way to ensure that accurate information is getting to the homeowners.

**STEP 6 - Solicit Volunteers for a Transition Committee.** As the community approaches the actual meeting date when the first homeowner Board will be elected, AAM will ask for homeowner volunteers to serve on a Transition Committee, sometimes as early as three to six months prior. During this time frame, we provide training similar to our Board training, in which we educate the Committee members about their governing documents, budgets, financial statements, reserve studies, agreements, and current legislation. We even teach them how to conduct Board meetings, given that Transition Committee members often run for the Board. This step helps ensure further that homeowners are well-informed about their community and that all has been done to provide a solid foundation for their community prior to the actual Transition date.

**STEP 7 - Stay Educated!** The more you know about community associations, the better you are able to plan and run the community itself! So, be sure to attend AAM's quarterly Developer Training Sessions and get on our mailing list. For more information on our training, please contact Gina Jerome, PR/Marketing Coordinator, at [gjerome@AAMAZ.com](mailto:gjerome@AAMAZ.com).

## Sidebar: TRANSITIONING LANDSCAPING

A smooth transition of responsibility for landscaped common areas from the installation contractor to the maintenance contractor is in the best interest of all parties.

Once the installation contractor has reached the point of substantial completion, a complete set of "as-built" plans should be prepared and provided to the Association Representative and maintenance contractor at an arranged on-site walk through. Planting and installation details from the original architect's plans should be included with the as-builts so the actual installation can be compared to the architect's intent. Verification of quantities of items installed, as well as the operation of the irrigation system, should be demonstrated to the Association Representative to the extent that the Association can be assured of accepting a completed project.

### DOCUMENTATION

Any material deviations from the plans and specifications should be documented at the time of the walk through by the maintenance contractor. A plan to remedy any deficiencies should be discussed and a schedule agreed upon by all parties. If it is agreed, particularly concerning

plant material, that some action short of replacement is acceptable - this must be documented. Most installation contractors will agree to extend their warranty of plant material where the installation or material is questionable (i.e. trees planted too deeply, etc.). In most cases, a digital photo record of the field conditions is an appropriate part of the documentation.

### FOLLOW UP

Association representatives, along with the maintenance contractor, are responsible for holding the installation contractor accountable for completing or correcting any issues documented during the walk through. This is especially true with warranty issues regarding plant material and irrigation components. Keeping track of plant material that dies, or irrigation components that fail, is up to the maintenance contractor to ensure that the Association does not incur remedial costs that should be borne by the installation contractor. The ability to refer to documentation created at the time of transition greatly simplifies assigning responsibility to the proper party, even if several years have passed since installation.

Source: *DLC Resources Inc. Landscape Maintenance*



7740 N. 16th Street  
Suite 300  
Phoenix, AZ 85020



602.957.9191



602.957.8802



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Suite 300  
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