



Neighborhood Insider

3RD QUARTER 2006 VOLUME I ISSUE II

AN AAM PUBLICATION

Answers from Amanda: Legislative Update



QUESTION

What new laws concerning HOAs should I, as a board member, be aware of?

ANSWER

The 2006 Legislative session was a busy one, from a homeowner association management standpoint. To make sure you are up to speed as these laws go into effect September 21, here's a recap of the most significant legislation affecting our industry – and the action AAM is taking on your behalf:

HB2824

HB2824 modifies A.R.S. 41-2198 and applies to both planned communities and condo associations. This legislation allows a homeowner to request a hearing before an administrative law judge for disputes over violations of the community's governing documents, or violations of state statute applicable to the HOA or condo association. This statute only applies to disputes between homeowners and the association, not with developers, builders, etc.

Homeowners who request such a hearing will be charged a fee, which has been initially established at \$550. Civil penalties can be imposed by the administrative law judge and associations could be fined.

It is VITALLY important that you, as a board member, are aware of any such notices for hearings you may receive. If you do receive such a notice, please forward it to our office (to the attention of your community manager or area manager) ASAP so that we can notify the community's insurance provider and arrange for attorney representation. Associations will only have 20 days to answer the petition, and if there is no reply, the association would lose the ability to contest the petition and will be subject to any potential fines and penalties.

SB1007 and HB2824

The second significant piece of legislation that will become effective on September 21 deals with notice of violations. SB1007 and HB2824 change the way associations must give notice to homeowners before an association can take action on violations. Statute will now require that community associations (or their management companies) provide written notice of a violation before taking any action, even if a fine is not imposed.

AAM has always provided written notification of violations to our homeowners. Now, however, there may be an additional step. If a homeowner responds to the written notice of violation via certified mail within 10 business days, AAM must respond with the following information: 1.) the section of the governing documents that pertains

to the violation, 2.) the date of the violation or date the violation was observed, 3.) the first and last name of the person or persons who observed the violation; and 4.) a description of the process the homeowner must follow to contest the notice. AAM or the association has 10 business days to respond with these four pieces of information.

AAM has adopted a standard response form as well as a complaint form (to track third party observations of violations) to accommodate this new legislation.

Other related legislation

Legislation was also signed into law during the 2006 session that clarifies a portion of the existing statute on closed board meetings related to personal, health or financial information of an individual member of the association, an individual employee of the association, or an individual employee of a contractor of the association. SB1007 amended A.R.S. 33-1804 and 33-1248 both planned communities and for condo associations respectively, so that the board can meet in closed session to discuss records of the association directly related to these individuals and issues. The new flag legislation may also be significant in that now there are other flags as well as the American Flag that cannot be prohibited in planned communities (A.R.S. 33-1808) and or condos.

See LEGISLATIVE UPDATE on back

DID YOU KNOW: Budgets

Typically, October is the month when most boards of directors review their current financials and begin the budgeting process for next year. This is to ensure plenty of time to finalize the document and notify homeowners the required 30 days prior to an assessment increase in January, if necessary.

Assessment increases are never pleasant, but keep in mind, if you take them a little at a time, they are much easier for homeowners to deal with than a giant rate hike all at once.

Here are some tips to point you on your way to a pain-free budget season:

how much money the association should have set aside for replacement costs and other contingencies. Determine the percentage funded in reserve. Make sure you have planned for adequate cash flow for upcoming expenditures. Compare recommended funding in the reserve fund to the current level of actual funding to also determine if an assessment increase is needed. Analyze expenditures for the current year and pinpoint assets that may need to be replaced or upgraded in the coming year.

• Examine each line item to account for increased costs. Divide the total among

assessment increase will be necessary to cover costs

- Review legal documents for specific requirements
- Include a narrative explanation of how each income and expense item was determined
- Prepare the proposed budget and submit it to the board for review. Take board members' input into consideration and prepare final budget.

If you have questions about the budget process or financial statement review, please give us a call at 602-957-9191. Our staff members are



7740 N. 16th Street, Suite 3
Phoenix, Arizona 85020



(602) 957-9191



(602) 957-8802



SERVICE SPOTLIGHT: Community Websites

Did you know that AAM offers website design and administration? It's true.

This terrific service, initiated in May 2004, enables AAM to create websites tailored specifically to the communities we manage. Our very own Website Specialist comes up with the initial design based on input from the community, then maintains the site to keep it fresh.

These user-friendly websites are more than just a pretty face. They allow you, as a board, to more effectively communicate with your community members. They also provide homeowners with access to news

articles and directories, meeting schedules, financial information and individual homeowner accounts. Homeowner ledgers are updated daily, while financial statements are updated monthly.

Costs are variable, but generally include a \$1,000 start-up fee and a \$15 domain registration fee. Monthly maintenance fees depend on the number of homes in your community.

Board presentations by Alison Means and Scott Swanson are available upon request. Please contact your community manager to schedule a presentation.

LEGISLATIVE UPDATE continued from front

associations (A.R.S. 33-1261). In addition to the American Flag, associations cannot prohibit the outdoor display of official replica flags of the United States Army, Navy, Air Force, Marine Corps, or the Coast Guard; the POW/MIA flag; the Arizona State Flag; or an Arizona Indian Nations flag. This new legislation will supersede associations' CC&R language and association rules language that only allows for flying the American Flag.

Additional legislation relates to foreclosures (associations cannot foreclose unless the homeowner is delinquent in assessments for at least one year or if the delinquencies are \$1,200 or greater); inspection of books and records of the association; parking (municipal vehicles that are used for "repair and maintenance" of "electrical or water infrastructure" are now included in the list of vehicles that cannot be prohibited from parking on street or driveway); condominium common elements; and a closed board of directors meetings. More information regarding these new laws is available on the following websites: www.carpenterhazlewood.com and www.ekmarklaw.com.

Amanda Shaw, President of AAM, LLC

NEWS YOU CAN USE: Overseeding

Ah, fall. The time when hot summer days finally give way to cooler mornings and evenings, children return to school and a homeowner's thoughts turn to... overseeding. It's a common practice in Arizona for Bermuda-grass turf areas to be over-seeded with Ryegrass during the winter months. If you're looking forward to a lush green lawn all year long, now through the end of October is overseeding time. Here's a simplified description of the process to get you started:

- Prepare the Bermuda grass to create a proper seedbed for the Ryegrass
- Decrease mowing height in August and early September to around 1 inch
- Adjust irrigation to control growth
- Fertilize appropriately in advance of over-seed preparation
- Apply Ryegrass seed
- Ensure that the Ryegrass seed comes in contact with the soil
- Spread seed at a rate of 12 to 15 lbs. per 1,000 square ft

- Operate the spreader in at least two directions to achieve even application
- Adjust irrigation for germination of the newly planted Ryegrass seed
- Fertilize the new Ryegrass
- Apply a high-phosphorus formulation to promote root development when seed is applied
- Apply nitrogen, at least twice, to promote growth prior to first freeze

During this process, and until the Ryegrass is fully germinated, the grass will be varying shades of brown. Be aware, also, that overseeding prep work can be messy. Dust and grass clippings tend to float through the air and land on vehicles, pools and just about anything else nearby. Those especially concerned with small debris settling on their vehicles may choose to park some distance from the turf areas.

Information provided by: DLC Resources, a Phoenix landscape management company.

Neighborhood Guardian

