



Neighborhood Insider

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AN AAM PUBLICATION

Answers from Amanda



Q: Why should my Association have a reserve study and why is it important to update it regularly?

A: A reserve study is a valuable tool that can help keep your community operating in the black.

The study itself 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 in order to keep repair and replacement prices current and in line with inflation. Further, and perhaps most importantly, RDA also suggests 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 to help you make the necessary arrangements.

Amanda Shaw, President of AAM, LLC

AAM TOP 10

In the spirit of talk show host David Letterman's popular Top 10 lists, we gladly present to you a Top 10 list of our own.

THE TOP 10 BENEFITS OF LIVING IN A WELL-MANAGED HOA

- 10 Well-maintained amenities – HOAs typically do an outstanding job of maintaining amenities. (Think manicured and over-seeded common area lawns, freshly painted walls, lighting that works and clean play areas, to name just a few)
- 9 Increased amenities – Not just well-maintained amenities, but lots of them, too, which may include walking trails, sport courts, swimming pools, barbecue pits and neighborhood parks
- 8 Aesthetically pleasing homes – Just take a drive through your community and you'll see
- 7 Rules and regulations deter nuisance activity and promote conformity – Beauty is not just in the eye of the beholder

- 6 Added layer of support in dealing with neighborhood property issues - HOAs often partner with municipal code compliance departments to ensure adherence to the rules
 - 5 Community bonding and communication among neighbors – A great way to make new friends
 - 4 Increased community pride – Who wouldn't be proud to live in an attractive, well-run community
 - 3 Financial stability – A well-managed HOA has a reserve study in place and funds available for future common area repairs and capital improvements, thereby reducing the likelihood of special assessments down the road
 - 2 TLC – Community common areas are cared for by trained professionals
- And the number one benefit of living in a well-managed HOA...**
- 1 Properly protected property values.



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SERVICE SPOTLIGHT: Accounting Team



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 your community manager.

NEWS YOU CAN USE: Water Conservation

Everybody knows that water is a precious resource in the desert, but that doesn't stop us all from wasting it from time to time.

According to Jeff Penney, vice president and co-founder of DLC Resources, one of the Valley's leading landscape management firms serving large, master-planned communities, overwatering is usually the rule, rather than the exception, in both association and homeowner landscapes. Turf grass and plants will thrive on much less water than they typically receive, he said.

In a managed community, Penney said the landscape maintenance coordinator, although not responsible for the payment of water costs, should be both contracted for and have the ability to manage the HOA's water effectively. The goal: to give the grass and plants only the water they need to remain healthy, and no more.

DLC adheres to the following three-pronged approach to water conservation:

- **Controller programming** – Penney and his team review irrigation programs weekly for each property they manage to ensure they are in line with weather conditions and other variables.
- **Equipment maintenance** – Weak and inefficient areas of the watering system are fixed or adjusted to achieve as much balance within each zone as possible.
- **Measuring results** - Results are tracked by charting gallon and dollar usage by each individual meter via actual water bills. Comparisons against prior months and years, as well as each month's rainfall, are included in the analysis. "When there is a surge in use on an individual meter, or in totality, we can usually pinpoint the reason from our programming logs and inform the property manager," Penney said.

Penney added that the strategy produces results - and savings. "It's not unusual when we take over maintenance of an existing property to lower the water use by 20 or 30 percent," he said.

Penney said reducing or eliminating rye grass, which can save 500,000 to 700,000 gallons per acre per year, and paying attention to controller programs, particularly with the change of seasons, are also good ideas for individuals and HOA boards to keep in mind.

"Water cost and availability is important and will become an even more critical issue in the future," he said. "Proper education, planning and attention toward responsible water use are in the best interest of all of us."

For more information: www.wateruseitwisely.com.

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