Elk roaming over freshly fallen snow in Torreon, a HOAMCO community in Show Low, Arizona.

HOA’S IN 2018 | PREDICTIONS AND TRENDS

Short-Term Rentals
How will Airbnb and HomeAway affect your community?

To Tweet or Not To Tweet
Facebook, Instagram and now a community-based social network called NextDoor;
Is social media right for your HOA?
Happy New Year!

For me, there is nothing more invigorating than the start of a new year. It’s a time for looking at our industry with fresh eyes and renewed energy and with another year of experience under our belt, we’re even more prepared for whatever lay ahead in 2018.

The HOA industry can change as rapidly as the world around us which means that the Board Members who serve our client associations are in constant need of relevant training courses and materials. One of our new year’s resolutions is to substantially enhance our educational courses and material to help meet this increasing demand. Please visit our website for a list of current offerings for your area.

Two more industry trends we are predicting will be hot topics in 2018 are the increasing digital needs of HOA’s and navigating the realm of social media for managed communities. We’ve prepared in advance for these industry trends by creating educational courses that will discuss these two topics in detail. Exciting stuff!

We truly appreciate those who take the time to read this newsletter and we hope you enjoy this winter edition. We invite you to send any feedback you may have to our Director of Marketing Services, Heidi Hallquist at hhallquist@hoamco.com.

And now we welcome the new year. Full of things that have never been.

RAINER MARIA RILKE
Websites like Airbnb and HomeAway have made it incredibly easy for homeowners to rent out their entire homes or portions of it to vacationers or short-term renters. These websites help people to find more comfortable accommodations than your average hotel can offer at a fraction of the price and also provide an income, sometimes a substantial one, for the owners of these homes.

These short-term rentals, although convenient for some, violate the CC&R’s and governing documents of associations all over the United States and raise practical questions about safety, parking and the unfair use of community amenities.

This has led states like New York, Louisiana and Hawaii, to name a few, to consider legislative regulations to help interpret, for homeowners associations, how short-term rentals fit into their communities, if at all.

The discussions surrounding short-term rentals in homeowners associations isn’t going to end anytime soon. How can your Board prepare, in advance, for how to handle short-term rentals in your Association? There are several questions Board Members can ask to get the short-term rental conversation started:

- Does our Association have a policy regarding short-term rentals?
- If so, what does it say? Does it take into consideration local and state laws?
- If not, should we adopt a policy regarding short-term rentals? Is it really necessary?

HOAMCO will discuss the topic of short-term rentals in greater detail in our Board Member education series for 2018 and we invite you to join us.

For a list of legislative action concerning short term rentals being contemplated throughout the United States, or for more information about how you can attend one of our Board Member seminars, please visit our website at www.hoamco.com.

For an updated list of States discussing this topic in their current sessions: http://www.cqstatetrack.com/texis/statetrack/insession/viewrpt/main.html?event=5670724a1fbb
IT’S THAT TIME of year again—when no one can hide from setting goals and creating strategic plans for success, also called business plans. For some, the term business plan is a four-letter word. So for the remainder of this article, we are going to refer to them as road maps to success.

There’s no need to run from the process of creating a road map for success for your HOA and it’s not as difficult as you might think.

Isn’t our annual budget or reserve study the road map for our community?

That’s a good question and one that we get a lot when discussing this topic. Many communities use their annual budget or reserve study as a guide for the community. And although your road map should work with your budget and reserve study, they aren’t the same thing.

Reserve studies and annual budgets are meant to guide the community financially. A road map for success is meant to focus on the non-financial needs of the community.

First things first!

The first thing on our road map to do list is to establish what we want to the road map to accomplish. All the accomplishments should revolve around the specific make up of your community. What types of homes make up your community? What types of amenities, if any, does your community have? Have there been any major changes within the community or upcoming projects that need to be contemplated by the Board? The answers to these questions will help the Board determine what sort of goals and objectives your road map should focus on.

For example, if your Association is made up of single-family homes, then your road map for success might include how to help the homes in your community maintain their resale value by upgrading your amenities. This is also a good example of how your road map works with your budget and reserve study.

Setting Expectations for Your Residents

A well thought out road map can help your community in many ways, one of the most important ways is by helping to set appropriate expectations for the residents of your community. The more residents you have in a community the more ideas exist about what should and should not be a priority for the Board. Since the road map focuses on the true needs of your community, helping to differentiate between wants and needs, it can help keep each resident focused on the success of the community as a whole.
Please join us in welcoming these new communities!

- Broadway Vista Owners Association
- Granite Park Ranch Homeowners Association
- La Crescenta Condominiums
- Lake Fork Homeowners Association
- Las Leyendas Homeowners Association
- Olive Place Homeowners Association
- The Preserve Owners Association
- Rancho Viejo Industrial Park Owners Association
- The Reserve at Eagle Heights Homeowners Association
- SkyRanch at Carefree Homeowners Association, Inc.
- Stone Pine Estates Townhomes

Social Media and Managed Communities

Social media platforms have the power to bring people living in managed communities together, create a greater depth of communication and become a place where experiences can be shared and enjoyed. It's been said that community and social media go hand in hand. That's why more and more homeowners associations are getting involved in the world of social media.

Although it can be a force for good, social media can also be a source of frustration for homeowners associations if care is not taken at the outset of joining these sites. Here are a few things to consider before setting your Association up on a social media site:

- **To tweet or not to tweet, that is the question!**
  The first thing the Board needs to do is consider whether or not setting up a Facebook page, or other social media site, is right for your Association. If the residents of your community are personally involved in social media, you have a lot of community news to communicate or you host a lot of activities and events for the residents, then social media probably makes sense for your Association.

- **Which social media sites should we belong too?**
  Not all social media sites are created equal. Some have difficult user interfaces which make it hard for people to get the hang of them. If it's hard to use the site, users likely won't take to it. So it's important to check out your options before going all in.

- **Safety first!**
  Social media sites aren't all fun and games. They can pose a real threat to the privacy of your residents. Each social media outlet has security settings built into the user ID's of each member. Knowing what these settings include, where to find them and how to use them is one of the most important things a Board of Directors needs to take into consideration when using social media on behalf of the Association.

With all of the complexities of social media, this article only just scratches the surface. HOAMCO would be happy to help you navigate the world of social media for your Association. For more information contact your HOAMCO Community Manager or our Marketing Department at creativeservices@hoamco.com.
Compilations, and Reviews, and Audits—Oh, My!

Contributed by Butler Hansen, P.C.

Arizona currently has an estimated 9,100 community associations, whose 1.8 million residents paid their respective associations approximately $1.8 billion in assessments. That's a formidable sum of money, and it's a prime target for fraud. So how do you defend against fraud? How can you help prevent, detect, or deter fraud from targeting your Association? Every year, Butler Hansen, P.C., performs financial reporting and consulting services designed to do just that.

As you prepare your budgets this year, you may be wondering what level of financial reporting service your Association needs. Arizona Revised Statutes require all associations to obtain an audit, review or compilation on an annual basis. Consult your Association's organizational documents, however, as they may specify if a certain level of service, like an audit, is required. If the level of service isn't specified, then you're free to choose whichever you feel is most prudent for your Association. Here are some of the differences:

<table>
<thead>
<tr>
<th>Compilation</th>
<th>Review</th>
<th>Audit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level of Assurance</td>
<td>Accountant does not obtain or provide any assurance that the financial statements are free of material misstatements</td>
<td>Accountant obtains limited assurance that the financial statements are free of material misstatements</td>
</tr>
<tr>
<td>Are inquiry and analytical procedures required?</td>
<td>No</td>
<td>Yes – Assessments are recalculated, contracts are reviewed, etc.</td>
</tr>
<tr>
<td>Is the accountant required to obtain an understanding of internal controls and assess fraud risk?</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Is the accountant required to perform verification and substantiation procedures?</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

So how do you determine which level of service is right for your community? That depends, and the answer won't necessarily be the same year after year. If your Association is relatively small, has very little in the way of common areas, or you're looking for more of a “bird's eye view” into your financial information, then a compilation might be all that is required. If your Association is a master planned community, has a large network of common areas, offers additional services or amenities, or you're really just looking for the highest degree of professional assurance a Certified Public Accountant can give, then an audit might be the better choice. If you're not really sure, that's fine too, that's what we're here for. Butler Hansen, P.C., Certified Public Accountants has been specializing in providing services to homeowners associations for more than 45 years. We'd be pleased to speak with you and not only help you determine what the most appropriate level of service for your Association would be, but to provide it as well. For additional information and resources specific to community associations, please feel free to visit us at www.butlerhansen.com.
Winter brings beautiful sights like freshly fallen snow but it can also bring with it dangerous road conditions. Even if you live in a state with mild winters, many families take road trips to see and play in the snow.

Whatever your situation, you'll want to be prepared before you hit the road in winter conditions.

Do You Have a Winter Emergency Road Kit?

• Shovel
• Windshield scraper and small broom
• Flashlight with extra batteries
• Battery powered radio
• Water
• Snack food including energy bars
• Raisins and mini candy bars
• Matches and small candles
• Extra hats, socks and mittens
• First aid kit with pocket knife
• Necessary medications
• Blankets or sleeping bag
• Tow chain or rope
• Road salt, sand, or cat litter for traction
• Booster cables
• Emergency flares and reflectors
• Fluorescent distress flag and whistle to attract attention
• Cell phone car charger or fully charged power bank

Putting Together an Emergency Road Kit

If you encounter an emergency while driving in winter conditions, your winter emergency road kit could save your life and the lives of your loved ones. Here are a few things you need to keep in your kit:

Other Helpful Tips

• While on a road trip, fill up your gas tank every chance you get. A full tank of gas is essential to staying warm in an emergency situation.
• Make sure that family or friends know what route you intend to take so if necessary they can inform emergency crews of your location.
• Make sure your emergency kit stays in the cab of your vehicle so that you can easily access it.
Is There Any Difference Between

Self-Management and Professional Management of HOA’s?

There are so many critical components to successfully managing a community and an in-depth knowledge of many different industries is a must have if you want your homeowners association to run smoothly and within the confines of the law.

These complexities are why the majority of homeowners associations in the United States choose to be managed by a professional HOA management company. However, there are still many associations that decide to go it alone.

Occasionally, the question of whether professional management is necessary for homeowners associations comes up. The short answer is that it is up to the Association itself to decide if professional management is in the best interest of the community or if self-management is sufficient. If you’re part of an association that is self-managed and you’ve recently been considering a change to professional management, here is some food for thought.

Volunteer Hours

Every member of a Board of Directors for either a self-managed or professionally managed association is a volunteer, meaning they donate their time to help the Association run properly. Boards who work with professional management companies govern their associations, they don’t manage them. For instance, if the Association is in need of asphalt repair, the Board of Directors of a professionally managed association would make the decision to move forward with necessary repairs and their community manager would implement this decision, including vetting vendors for appropriate licensing and insurance, obtaining quotes from fully vetted vendors, checking proposals for accurate scopes of work and then overseeing the project once a vendor has been chosen by the Board. In essence, the Community Manager performs all of the heavy lifting, giving the volunteer Board Members back valuable time.

One of the most common irritations expressed to HOAMCO by Boards of self-managed communities is the sheer amount of work they must put in to manage the community and the lack of motivated volunteers to help get the work done.

Management of Onsite Employees

Self-managed communities range in size from smaller communities with low door counts to very large, life-style communities with onsite employees. When self-managed communities have onsite employees, a number of necessary functions have to be performed like hiring of new or seasonal employees, yearly reviews of employees, administering of disciplinary actions if necessary, termination of employees and payroll and benefits administration. While it’s true that these functions can be performed by Association employees or a General Manager, the liability in these cases remains with the Association instead of being shifted to a qualified professional management company. This remains one of the top reasons self-managed associations consider going professional.

Industry Knowledge

Just like any other profession, community managers undergo hours of continued education every year to obtain and keep professional designations as well as to keep informed about industry trends and the latest in HOA law.

Working with a professional with an in-depth knowledge of HOA laws and statutes can keep an Association’s legal expenses to a minimum as well as keep the Board and the Association out of hot water.

Good Cop/ Bad Cop

Of all the reasons for a self-managed community to consider professional management, we believe this to be one of the most compelling.

A homeowners association is made up of a community of neighbors. We’ve found that most, if not the majority of all residents in managed communities have at least two goals in common: to enjoy the home they’ve invested time and money in and to protect their home values.

When a community is self-managed, the Board of Directors has little to no insulation when it comes to the collection of dues or when issuing violations to fellow residents. With out the Good Cop (the Board of Directors who are fellow residents just trying to maintain property values) and the Bad Cop (the management company that collects assessments, issues violations and occasionally has to collect bad debt) it can be hard for Board Members to enjoy being a resident of their community.

It has to be said that there are many self-managed communities that are doing a darn good job at keeping their communities running well and the residents are all more than satisfied. For those communities, professional management probably isn’t something you should consider. But if you’re a self-managed community that suspects you might benefit from professional management, we would be happy to answer any questions you might have. Please visit our website for more information about what HOAMCO can offer your Association.
GO ONLINE AND VISIT

hoamco.com TODAY!

Homeowners can...

- view account history and pay assessments.
- edit personal account information.
- submit architectural and maintenance requests.
- find your local HOAMCO Office.

Board Members can...

- read HOAMCO Blog and Best Practices.
- get HOA State Legislature updates.
- view the Board Member Web Portal.*
- request a proposal for management services.

*if available for your community

HOAMCO LOCAL OFFICES

Prescott
(928) 776-4479
3205 Lakeside Village
Prescott, AZ 86301

Scottsdale
(480) 994-4479
14861 N. Scottsdale Road
Suite 201
Scottsdale, AZ 85254

Flagstaff
(928) 779-4202
523 N. Beaver Street
Flagstaff, AZ 86001

Sedona
(928) 282-4479
35 Bell Rock Plaza,
Suite A
Sedona, AZ 86351

Show Low
(928) 537-1067
3350 Sugar Pine Way,
Bldg A, Suite 100
Show Low, AZ 85901

Albuquerque
(505) 888-4479
9798 Coors Blvd. NW, Bldg. A
Albuquerque, NM 87114

Albuquerque East
(505) 224-2074
10555 Montgomery Blvd.
NE Bldg. 1, Suite 100
Albuquerque, NM 87111

Santa Fe
(505) 954-4479
1421 Luisa St, Suite R
Santa Fe, NM 87505

Las Cruces
(575) 523-1337
201 N. Church Street,
Suite 202
Las Cruces, NM 88001

Los Lunas
(505) 865-6102
2206 Sun Ranch Village Loop
Los Lunas, NM 87031