

10 TIPS



**FOR HOA & CONDO
BOARDS TO
REDUCE THE COST
OF COMMUNITY
MANAGEMENT**

Community
 **Financials**

www.communityfinancials.com

WHO DOESN'T

WANT TO SAVE

MONEY?

Whether your community has pressing maintenance issues, needs to save for a capital project or has owners that can't afford higher assessments we've put together a list of techniques to reduce the cost of community management.

Cheaper Collection Tools

If you are currently using mailed monthly statements you can save money using a coupon book. Just like the coupon books used for auto loans it gives you 12 payment slips and return mailing address labels for owners to mail with their payment. The shortcomings of coupons is they aren't flexible if you want to change assessments or add a special assessment during the year. Unlike a printed statement you cannot add a late fee for the prior month. Also mailed statements that include a return envelope improve the speed of collections and improve cash flow.

Another way to save money is to provide the option of e-statements. Emailed statements are of course cheaper than mailing paper. However, you will have to let your owners know this option exists and you have to regularly communicate to drive adoption. For example do a separate mailed notice every year and also talk about it in your newsletter. The additional communication campaign cost is an investment that will repay itself.



Batch Mailings

Mail two notices instead of one to save. As an example if your community sends monthly statements insert community notices in them. By batching you will save postage, envelope and mailing costs that will add up.

Late Fees

I don't know how many association documents I have read that don't have or haven't changed the cost of late fees since the community was developed decades ago. If you do not currently have a late fee for owners that pay their assessments on time adopt a policy. If your late fee has been \$10 since 1975 increase it to something like a bank would charge. Late payers cost money in delinquency follow up, mailing late notices, certified letters and turning over to an attorney for collections. Late fees should generate money to cover these costs and add some money to the community fund. If you are unsure about late fees talk to your association attorney for some input.

Charge Back Unit Owners

Some unit owners cause extra costs to your association. For example owners may bounce a check and cause a Non-Sufficient Funds (NSF) fee from the bank. We recommend you charge this fee back to the unit owner so the association doesn't pay for it. Also, if you need to send a delinquency letter by certified mail this too should be billed back to the unit owner. Additionally, extra work or costs due to pursuing a delinquent owner with a collection agency or lawyer may be able to in part or in whole to be recovered from the delinquent owner – check with your attorney.

Email More

Many communities still send out mailed notices rather than take advantage of email and its lower cost. The top community software systems will allow you to email notices to owners if there is an email on file and if not will print a mailed notice this will save paper, postage and mailing fees over time. A few more areas to save using emails are surveys and even elections. For surveys try Survey Monkey (www.surveymonkey.com) or a similar online service rather than doing a mailing. For elections look into online voting software like Big Pulse (www.bigpulse.com) or eballot (www.eballot.com). Remember you will need to do a campaign to increase awareness and drive usage. Also you will still need to mail hard copy to those owners that do not have email addresses or regular access to a computer.

Self-Manage

Self-management is an obvious cost saver versus using a management company. I often hear boards say things like: “we pay all this money and get very little in return” or we can do a better job ourselves”. Self-managing with active volunteers and committees is the most cost effective. But you don't have to go it alone. Support with the financial, administrative and communication activities provided by Community Financials saves the board a lot of time while providing the best tools used by the top management companies. The extra time saved a board can focus on higher priority items like capital projects or not having a “full time job” as a board member. Using our service a community will save over 50% of the cost of using a traditional management company.

Employee Oversight

If your association has employees you need to ensure you are getting your money's worth. At a minimum staff time cards should be reviewed by the manager or board to make sure you are paying for actual hours worked.

Track Equipment & Supplies

Community equipment and inventory can go missing and cost the association money. Remember this is not just for maintenance equipment and supplies but administrative items like computers, laptops, printers and office supplies. In the Army I had soldiers sign a "hand receipt" for equipment so they were responsible for it. When the employee leaves they have to show all the equipment they signed for on the form – this also helps ensure they keep the equipment in good working order. Also track inventory especially of higher value supplies. You can track usage of these supplies on a work order system. And lastly remember to keep equipment and supplies locked up.

Bank Fees

I don't know about you but I get a rash when I see all kinds of bank fees on my monthly statements for allowing the bank to use my money. There are banks that have a special plan for community associations and managers that have a different fee structure than a regular business client. We use a bank that does not charge a monthly maintenance fee or other annoying fees and I suggest you do the same at your community. Saving \$10 or \$15 per month per bank account adds up.

Reduce the Risk of Fraud

The most costly expense of managing your community is the potential to lose money from fraud. Whether it is from a management company employee or a board member you need to protect the association from this risk. See our report on the "[12 ways to avoid Fraud](#)" for details.

Although administrative and management line items will save you money it is also important to tackle the larger budget line items. We encourage you to fix recurring maintenance items (repairing an item twice costs more than repairing it once correctly), fix items that cause water damage like roofs, hot water heaters and washing machine, dishwasher and toilet supply hoses. These have the added benefit of saving on insurance premiums over time.

Community Financials is here to help you implement these 10 management saving strategies outlined above. To learn more about how we can help you start saving go to our website and schedule a free consultation.