

Title: How to Save Money at Your HOA

Subtitle: Reduce the chance of increasing dues or having special assessments

Episode Theme: It can't just be the Treasurer's job - How all board members participating in financial oversight actually saves money

Target Length: 35-40 minutes

Opening: The Cost Pressure

HOAs and Condos are under extreme budgetary pressure. Insurance, utilities, maintenance - costs have risen significantly. But here's what many boards don't realize: when only the Treasurer understands the finances, you're exposed to both operational problems and potential fraud.

Today's conversation: How better oversight by ALL board members actually SAVES money.

Collections & Revenue Protection

Core concept: Not collecting dues has the same budget impact as overspending

Discussion points:

- Don't let income slip through your fingers. Have a policy, and enforce it (with appropriate late fees and escalations at set points in time)
- Collections become less collectible over time, so don't delay
- The importance of systematic collections processes
- High delinquencies (above 10%) affect ability to secure loans

Early Problem Detection Through Monthly Review

The key tool: Comparative Income & Expense Statement (actual vs budget with variances)

Discussion points:

- How variance analysis catches problems in month 2, not month 12
- Real examples of early detection saving significant money (water leaks, bleeding money by fixing the same thing over and over)
- What to look for in financial reports

Fix It Right the First Time

The cost trap: Multiple temporary fixes that cost 2-3x the permanent solution

Discussion points:

- The decision question: 'Will this last, or are we kicking the can?'
- No band-aids on bullet wounds.
- When to replace vs repeated repairs

Don't Get Behind on your "Reserve" Bill

The cost trap: Mother Nature and Father Time don't care if your budget is tight. They continue to deteriorate every common area at your association. Don't get behind by underfunding Reserves. The bill will come due.

Discussion points:

- How do you find out how much to set aside?
- What is normal/typical?
- Think of it like sand in an hourglass. It is not charity "for future owners"

Insurance Compliance: Act Now or Pay Later

The risk: Delayed compliance leads to policy cancellation and significantly higher premiums

Discussion points:

- Why insurance recommendations should be treated as a requirement
- The cost difference between normal market and excess market
- Risk of denied claims for non-compliance – it all gets very expensive!

Getting What You Pay For: Service Provider Value

The question: 'Am I paying for management or paying to BE a manager?'

Discussion points:

- Service providers not doing all they are obligated to do
- Service providers/management not providing the obligated trained staff
- It's no longer just full management and self-management
- Many middle ground options exist that allow boards to focus on governance, while specialized professionals handle operations (and delicate matters like collection notices). Find a new "sweet spot" of cost vs services
- Cost comparison and potential savings

Hidden Fees That Add Up

Common charges boards don't realize they're paying:

- ACH/e-check transaction fees
- Banking service charges
- Management company add-ons
- Portal access fees, per-check charges

- Pool chemicals, janitorial supplies, landscape disposal (that should be included in contract)

Avoid the 'low bid' trap: How low monthly fees can hide higher total costs through add-on charges

Don't Pay With Your Time

The hidden cost: Volunteer time spent on operational tasks instead of governance

Discussion points:

- Calculating the opportunity cost of volunteer time
- What boards SHOULD spend time on: strategic oversight, not data entry
- How board burnout affects recruitment and decision quality

Fraud Prevention Through Checks & Balances

Core principle: Have two people involved in every financial transaction

Discussion points:

- How controls protect volunteers from false accusations
- Don't over-estimate honesty of the average person. Everyone has their weak link.
- Red flags boards should watch for
- Importance of monthly bank statement review
- Real-world fraud examples and how they could have been prevented

Closing: The Total Savings Picture

Key insight: When all board members understand the finances:

- Problems get caught earlier
- Fraud is prevented through transparency
- Better decisions about spending
- Significant cost savings

Action items for boards:

- Review last 3 months of financials
- Calculate hidden fees being paid
- Evaluate if service level matches cost
- Check insurance recommendations for pending items