

Guiding a Community Toward Financial Stability

For community associations to thrive, financial clarity and sound planning are essential. In 2022, CAMS was brought in to assist a long-established resort-style homeowner's association (HOA) that had fallen into financial disarray. What followed was a deep dive into decades of financial history, strategic planning, and a renewed path to stability.

OVERVIEW

- The community was developed in the late 1970s as a resort-style living community
- The developer maintained control until the mid-1990s, covering most costs but failing to create a sustainable financial model
- A lawsuit between parts of the community over unfair assessments led to a settlement
- The settlement terms were written into the community's governing documents
- Community funds hadn't been handled properly for several years
- The community needed some major repairs, but the funds weren't available

CHALLENGES

As CAMS dug deeper, more issues came to light:

- Current assessment collections didn't match the terms of the 1998 settlement
- Reserve funding was inadequate, leaving no funds for capital repairs
- The original developer never adjusted assessments to reflect modern resort-style costs
- The association lacked proper bank account structures
- The settlement terms embedded in the CC&Rs didn't account for inflation, causing long-term budgeting issues

THE SOLUTION

When CAMS was hired in 2022, the community manager immediately identified financial inconsistencies and compliance issues. Here's how they helped correct the course:

- The community manager and accounting team reviewed financial records to identify where compliance was lacking
- Identified reliance on special assessments and addressed outdated budgets
- Helped create a more stable and understandable financial framework
- Encouraged the board to treat budget reviews like audits, helping them catch and understand discrepancies
- Facilitated a 30-year reserve study to plan for long-term project funding

THE OUTCOME

The transformation is ongoing, but the progress is clear:

- The community continues progressing toward financial health
- The community manager holds one-on-one sessions with board members to ensure a full understanding of financial documents
- A clearer, more accessible financial process is in the works
- The experience has empowered the board and improved their confidence
- With CAMS' ongoing support, the board is optimistic about the community's future.

FINAL THOUGHTS

Financial recovery doesn't happen overnight, but with the right partner, it's achievable. CAMS helped this association untangle years of complications and gave them the tools to build a better future. If your community is facing similar challenges, we're here to help.

Does your community have the guidance it needs? Call for details.



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