



*In Community Management, We're Superior*

## NEW INFORMATION ON RESERVE STUDIES

Many times reserve studies are misunderstood or misinterpreted. In this message we are hoping to bring resolution and hopefully understanding to this issue

There are states that have “Mandatory Reserve Requirements.” This is good and bad. Many associations in Oregon are currently underfunded. The option, of course, is more government interference....the **better** option is strong leadership from Boards and from Professional Management companies.

Superior Community Management offers Associations practical solutions so that your association can be in a “proactive” position and not a “reactive” position. Reserves cost every homeowner his/her portion of the funding, but apportioned on a monthly basis with reliable reserve studies can also keep your association from special assessments or loans while making it easier for owners to budget. Superior Community Management is here to assist with that process.

Reserves are for setting aside money for capital expenditures and if funded properly will keep your community out of the “special assessment” situation. Remember, Superior’s goal is to assist the Board in keeping up the value of owners’ property and common area property. When a home is placed on the market to sell, we want prospective buyers to enter the community and see pleasant and well maintained homes and grounds.

Some Boards attempt to cut expenses to keep the assessments from raising and thus look at cutting the Reserve allotment. This is bad news for many reasons. One important reason is that the association will not have the necessary funds to replace the roof or paint the buildings at the appropriate time. This places every owner’s property value at risk.

We must be diligent and good stewards of the funds available, but at the same time we must not let the buildings and property deteriorate and fall to deferred maintenance.

If you can’t pay today’s bills; if you can’t get the snow plowed; if you can’t fix the roof when it leaks; if you can’t do the preventative maintenance to keep the boiler from failing----a roof 20 years from now or a paint job 5 years from now seems a long way away. **But** you certainly cannot leave your reserves under funded.

Is the timing right for Oregon to mandate reserve funding? The State is considering just this. If it is State mandated, your options are gone. So save **now** and be prepared for those repairs/replacements we know will be necessary.