



The Ridge at Highlands East

by Cathy Schrader, PE
Director of Marketing

If you can tear your eyes away from the beautiful landscape of The Ridge at Highlands East, you'll notice one of The Ridge's most popular residents, Charlie, a well-fed Shih Tzu. When Charlie's owner was injured in a fall, many neighbors volunteered to walk him, sometimes too many times a day! "We do look after each here" says Sue Ramsey, president of the Board of Directors of The Ridge at Highlands East Homeowners Association. "We are not intrusive but if you want to know people, they are there for you."

The Ridge at Highlands East consists of 114 units in Snohomish, WA. It's one of three sub-associations within the Highlands Master Association managed by Beth Zollar of Morris Management. Zollar has been with Highlands from its construction in 2002. Jim Talaga, president of Association Reserves (AR)- Washington describes Zollar as "a terrific portfolio manager who does everything by the book to ensure her clients are well prepared financially." AR completed their first Reserve Study for the Ridge in 2003 and have provided annual Reserve Study updates for the past 10 years.

For over a decade, Ramsey and Zollar have made association's financial planning look easy, but as Ramsey notes, "Budgeting is hard work." Maintaining all the parks, walking trails and other amenities that make the Highlands so beautiful requires constant care. What was tasteful landscape 15 years ago has grown to become overcrowded and unhealthy. According to Zollar, "when we started with the developer, the landscape was handled through the Operations budget. Now, we have a line item in the Reserve Fund to cover the cost of the arborist and extensive tree trimming."

Zollar brings her no nonsense pragmatic approach to all her associations. "I use the economies of scale for my communities. We have some big fencing costs so I review the Reserve Studies of all my properties to see if I can combine projects to get the best prices." Zollar recommends AR Reserve Studies for all her clients. The consistency and clarity of the report allows Zollar to work efficiently and with confidence. In her words, "I never considered any other option." In a career spanning 20 years, none of Zollar's clients have ever had to pass a special assessment.

A consummate professional, Zollar knows a professional Reserve Study allows her Board members to fulfill their fiduciary responsibility of acting in the best interest of the homeowners. "I am lucky to have great Boards and I

want to give them the best tools to make the best decisions for their communities.” Zollar sees a key part of her role as keeping a board’s focused on “decisions edging on the side of business versus emotion.”

At The Ridge at Highlands East, Zollar has a key ally with the Board president. Ramsey, a retired health care executive, brings her business savvy to the Board along with 25 years of experience as a condo owner and resident. Ramsey understands the importance of a strong Reserve fund and the financial vulnerability of being underfunded. She tells the story of her experience in a previous association-governed community. “I had taken a break from serving on that Board for a few years and attended an Annual Meeting only to discover that the HOA had ‘forgotten’ to make reserve contributions for some time. I went home and called a Realtor® the next morning to put my condo up for sale.” The Ridge at Highlands East Board is fiscally disciplined and carefully keeps the Reserve fund balance at around 70% Funded. That strong level of funding ensures that maintenance is not deferred, minimizes the risk of special assessments, and safeguards against a fiscal burden to the owners.

One of The Ridge’s greatest challenges came during the winter of 2008. The extremely heavy snowfall required the Association to borrow from the Reserve Fund to pay for snow removal. However, in order for the funds to be repaid, the Association had to raise the assessments by over 12%! “There was a lot of complaining, but the Reserves had to be replenished,” recalls Ramsey. Going forward, the Association was able to establish a contingency fund should the need arise for unexpected snow removal costs and now assessment increases are stable at around 2% per year.

As the community’s needs change, so does its financial plans. Ramsey knows the Board must stay vigilant towards protecting the Association’s physical and financial health. Ramsey has worn many hats in serving her association but as Board president, she finds the Executive Summary from the Reserve Study invaluable. “Whenever a resident asks ‘When are we going to mulch?’ I can refer to the Executive Summary. Not only do I have an answer to the question at my fingertips, but I know we have the funds already set aside to do it.”

Zollar praises Ramsey and her fellow board members for their logic, business manner and fiscally disciplined and realistic leadership. Zollar believes it’s her role to protect the Board and ensure they exercise the care that a reasonably prudent person would use in making decisions that affect the Association’s future. An annual budget process that includes information contained in an updated Reserve Study is fundamental to doing just that.

While The Ridge at Highlands East may not be the biggest association, it deserves recognition as one of the best managed. Strongly funded associations with effective leadership don’t happen by accident. That combination has its roots in a well-trained and focused Board working in partnership with a professional and knowledgeable manager, and a trusted Reserve funding specialist.