

WHERE EXACTLY AM I?



by Robert M. Nordlund, PE, RS
CEO/Founder
Association Reserves, Inc.

March 2012

www.reservestudy.com

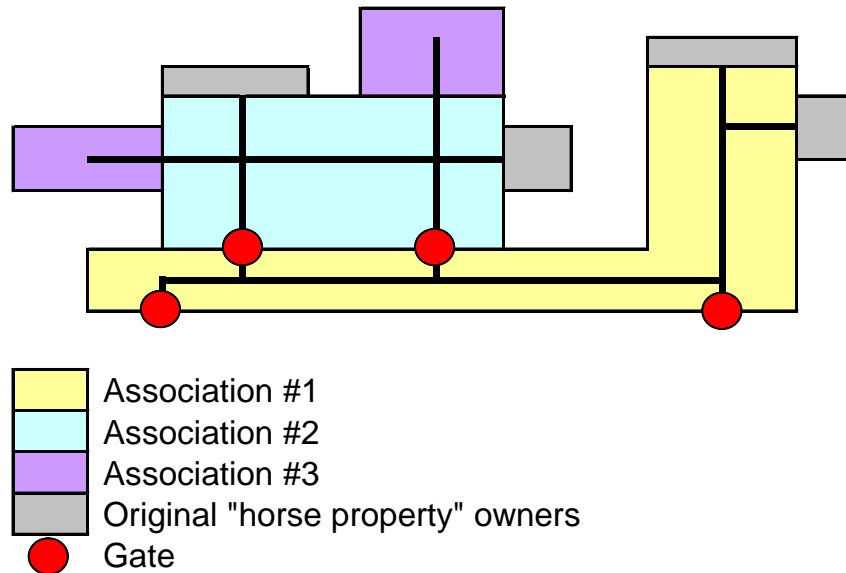


We just finished working on a Reserve Study project involving three different Associations, built at different times along the growing edge of a major metropolitan area. Originally (40-50 years ago) the area was considered “horse country”, featuring rustic homes, stables, horse trailers, and plenty of open space. Anticipating the construction of a new freeway in that area, a resourceful Developer purchased large lots of land, imagining gorgeous planned neighborhoods of sprawling new homes.

Well, the freeway arrived and the Developer created a gated Association-governed community of large (8,000 Sq Ft) new homes on one side of his land. A few years later the same Developer created a second, unrelated and gated Association, (average home size 10,000 Sq Ft) inside the gates of the first Association. Then a few years later the same Developer created a third Association of small (4,000 Sq Ft) homes, independent of both Associations #1 and #2.

The 3rd un-gated Association was built in two separate locations behind the gates of Association #2. Due to the depletion of “open space” upon the arrival of Association #3, the City required Associations #1 and #2 to build and maintain horse and hiking trails through their common areas. The additional traffic and the requirements imposed on Associations #1 and #2 to provide public access to people on foot or horseback, guaranteed that Association #3 was not viewed as a welcome addition to the neighborhood!

The few remaining original “horse property” owners were provided free passage through all of Associations #1, #2, and #3 common areas. The diagram below shows the final configuration of this development – a tangle of gated and un-gated Associations, private “horse property” owners, and the walking or horse-riding public... each wanting access!



We've performed Reserve Study updates regularly for all three Associations through the years, serving as a consistent reserve planning partner. Associations #1 and #2 are under contract with the same management company and have always enjoyed a healthy working relationship (Association #2 staffs one of Association #1's guard houses in exchange for use of the main road through Association #1). Due to the additional complications of being "backyard" neighbors, Association #2 and #3 have a more strained relationship and use a separate management company. Despite the ongoing tensions, with our assistance and that of a local attorney, Associations #2 and #3 successfully crafted an agreement to share some Operating and Reserve budget expenses. Détente!

Due to lack of foresight or experience, developers can sometimes create complicated situations for individual or neighboring Associations. It is at that time that Boardmembers and Managers of Association-governed communities are called upon to be their best: remaining calm, behaving as reasonable neighbors, and working out solutions to problems, sometimes with the help of independent professionals!