

WHY WOULD YOU DO A THING LIKE THAT?



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December 2013

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A multi-yr client of ours, a 30-unit condominium townhome property about 20 years old, recently asked for a revision to their Reserve Study. The property is generally attractive, with a normal assortment of Reserve components.

We've been reporting to the association over the last few years that the Remaining Useful Life (RUL) of their wood garage doors has gradually been approaching zero, right on schedule. In this year's With-Site-Visit Update, we noted the garage doors were unsightly, with enough cracking, warping, and delamination that now for the second year in a row we recommended a RUL of zero for their Garage Door replacement project.

In response to receiving our Reserve Study, they had a board meeting and redefined Garage Doors as the maintenance responsibility of individual owners (not the association). So they wanted us to revise their Reserve Study by taking out the Garage Door replacement project. Getting past the point that it takes more than a board meeting to change the definition of common area (both the manager and the Boardmember representative were adamant that Garage Door replacement was now an individual owner responsibility), we asked "why?".

Their response was that they wanted to increase their Percent Funded and lower their Reserve contributions. We were speechless. The garage doors were still in poor condition, needing replacement. To do all at once as an association project would be less expensive than 30 individual projects, it would ensure a consistent appearance, and would be less disruptive to the association to hire one (licensed, insured) contractor who could do the project in a short period of time. And beyond that, think of the Board's legal exposure if any owner wanted to challenge the way they decided to redefine common area in a board meeting!

Removing Garage Door replacement from the Reserve Study would have the desired effect of increasing their Percent Funded (two percentage points) and reducing their Reserve contributions (under \$5/month). But it would result in net higher costs to each owner, more

disruption to the association, and more work for the Board coordinating the architectural approval of 30 separate garage door replacement projects. For a two percentage point improvement in their Percent Funded?

Bottom line: it is nice to have a strong Percent Funded. But it is the responsibility of the Board to protect and enhance the common areas, not foolishly redefine them as someone else's problem!