

## NOTE IN 2000

The new trustees of the association were left with the job of putting into practice the comprehensive maintenance plan promised. The developer had set the assessment for each home based on the "par value" of house; a formula based on the purchase price of the unit. The trustees have suspected strongly from the very beginning that the assessments were not going to be adequate to deal with long term maintenance and replacement of major items such as roofs and cooling/heating systems. Through the years many attempts have been made to address this issue. In January, 1995, after the first staining and painting costs nearly exhausted our treasury, the assessments were raised by 20%. The assessment problem has been complicated by the dearth of other associations which assume the responsibility for interior maintenance. Thus, there is an absence of data on which to base calculations. Attempts to hire external experts to undertake the job for us have failed.

Two years ago, a new committee was formed. This committee has come up with factual information addressing our financial outlook to the year 2010. Now it is time to look at these facts.

### The Process

The assessment committee measured the actual siding and roofing square footage of our units and also recording whether the houses were one or two stories, had single or double garages, had decks and/or porches, etc. The committee consulted with roofers, heating/cooling contractors, priced water heaters and softeners, furnaces and air conditioning contractors as to expected life, prices and probable inflation factors. They looked at administrative costs, preventive maintenance, taxes, grounds care, snow removal, etc. These costs are the same for each unit. Expenses which vary with the size of unit, such as roofing and staining were calculated on actual square footage. After assembling this information, the assessment committee established a time line for the anticipated major expenditures, as well as a projected cost incorporating an inflation.

factor of 3% per year. Staining of siding and painting of doors should take place in 2003/2004 and roofing from 2008 to 2010. Figures for each unit have been arrived at individually, a more equitable method than the previous one. The committee consulted with a CPA with some experience in this field before and, again at the end of their process, to make certain that the approach and estimates were reliable.

### The Facts

Our cash reserves and projected income are inadequate to deal with the expenses of the next decade. While the Trustees and the Assessment Committee regret to deliver this message we would not be doing our jobs responsibly if we allow this situation to continue. Thus, we have two basic options:

1. Continue to offer all services at our current level. Assessments would need to more than double in most cases.

2. Cut some items, i.e. replacement of hot water heaters, water softeners, and filters: discontinue doing routine maintenance of electrical and plumbing systems, garage doors, and decks. Continue to do preventive maintenance on and replacement of furnaces and air conditioners; do exterior staining of siding, painting of doors including garage doors, and roofing. Continue all present communal services, i.e., care of grounds, sidewalks, lanes. Assessments would rise less steeply than for Option 1.

Both options will reflect assessment adjustments for those homes to which additions have been made.

### Bottom Line

It is clear that assessments will have to be adjusted upward.. We encourage you to join us in a discussion of this challenging issue on April 16th. We will provide our findings, and we will reason together.

**NOTE:** Please save any questions for the April 16 meeting.