

Community Reserve Funds Drive Your Dues

By Tim Stebbins

Homeowners pay assessments, commonly called dues. This money is used for two main purposes:

1. Day-to-day expenses such as utility bills, landscape maintenance, insurance, etc.
2. Deposits to the Reserve Fund.

The first purpose is pretty obvious but what about the second? Every community has a Reserve Fund. But just what is a Reserve Fund?

The Reserve Fund is money set aside in a special account for future repairs and replacements of community owned property such as the Community Center roof, exercise equipment, air conditioners, etc.

It is both our moral and legal responsibility to assure there is sufficient money in the Reserve Fund to cover future expenses. Our Reserve Fund protects us as well as those who come after us from unwelcome surprises and special assessments.

The yardstick determining the proper amount in the Reserve Fund is the Reserve Study, an official report generated by a licensed professional company. The Reserve Study defines the useful life and anticipated costs over a 30-year period. Each community must obtain a new Reserve Study at least every 5 years. Every year the Executive Board must compare the dollars in the Reserve Fund with the dollars required by the Reserve Study. This annual review drives assessments for the next few years.

Virtually all attorneys who represent homeowner associations in the Las Vegas Valley state developers routinely short change the Reserve Fund at the time of transition from developer control to homeowner control. There have been many, many lawsuits filed and won by communities throughout the Valley to recover millions of dollars.

The Sun City Anthem community is no exception. The developer owes the community at least hundreds of thousands of dollars for the Reserve Fund and other obligations due at transition. Since then our Executive Boards have been at best, lackadaisical, seemingly afraid to demand the money due from the developer. The easier path has been collecting excessive dues from homeowners and using the surplus to make up shortages left at transition.

Plus sometimes the Reserve Study is flawed. For example, Sun City Anthem recently suffered simultaneous failures of 2 large water heaters after only about 3 years of service. The Reserve Study projected a 12-year life. Insufficient money in the Reserve Fund resulted in scurrying to come up with the money.

Homeowners in all communities need to elect directors who are both capable and willing to protect this major financial asset. Sun City Anthem will hold its annual election for directors in April of this year. This presents an opportunity for the community to make sure the right people are voted into office.

The Anthem VOICE Homeowner Council recommends Bob Frank and Ron Morse as the kind of knowledgeable, trustworthy and ethical leaders needed on the board.