



## What is a successful **Property Budget**?



**T**his is budget season for 2021! This can be so much work, but in reality, it is quite painless for many. We know this first hand because a few of us here at JPA live in a **HOA's**, **Common Interests**, or **PUD's** and have been involved in the budget process.

**F**ortunately, our involvement in the landscape management has assisted considerably. For the purpose of this article our audience will be the resident or the land owner. We will briefly cover **3 Basic Considerations**.



- **Don't** be a Hero
- There are **LONG TERM** penalties of underfunding
- It's **your** investment, make it successful

### **“Don't be a Hero”**

Say your monthly dues or portion of expense is \$200. The idea of reducing monthly operating and reserve expenses by \$10.00 (5% of \$200) is **NOT** a sound approach.

In normal years annual inflation is about **2%**. This past July inflation was measured at **5.4%** year over year, which most people figured would be expected last December.

Therefore, the “**hero in the group**” **reducing a 2022 budget by 10.4%** is **NOT** sound planning.

When this is considered in material terms, the **\$10.00** savings is equivalent to a **fast-food lunch**.

Once this budget is implemented the property, must take the lowest bid, which its authors will advocate for; and experience the issues with the lowest bid.



### **“Long term penalties of underfunding come in many forms”**

The most evident is the sensation of scheduled repairs, unscheduled repairs, and maintenance. **Things like painting, asphalt, water leaks, drainage etc. are postponed because the funds are not available.**

Another is the need for special assessments in following years because reserve funding stopped altogether. Residents then experience large monthly increases, like 20%, which still don't meet the Operating & Reserve requirement.

**Residents begin to question how this happened and assume it is the various vendors who are responsible.** In the end it becomes a big mess with everyone pointing fingers.

Remember you saved a few fast food meals every month by shrewd direction of the decision makers!

Save Money Now and pay **MORE** later? Or Budget Right and never worry again.

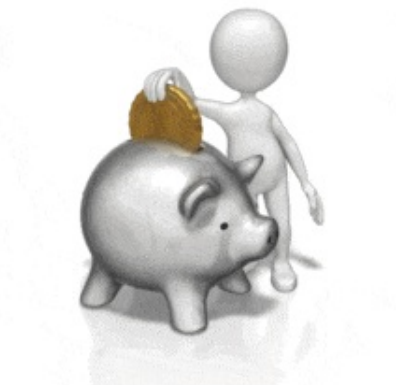


### **“It's your investment, make it successful”**

Communities or commercial complexes that have reserve funding at **80% plus** are the most successful. These Boards or Owners are cohesive; they complement each other with their skills, engagement, operate on a fair playing field, and see the **BIG PICTURE!**

**If you own something you should want it to be at its best.**

- This “successful” environment is a win / win.
- The participants are effective with their time and have a valuable asset they collectively oversee.



Oh! The stories we could tell both good and bad!  
Obviously, we like the good stories.  
so let's be a good story!