



What is a successful **Property Budget**?



This 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.

Fortunately, 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.

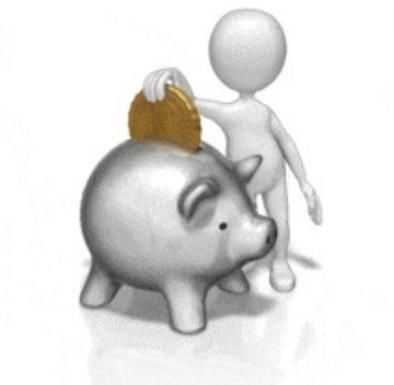


“It's your investment, make it successful”

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!