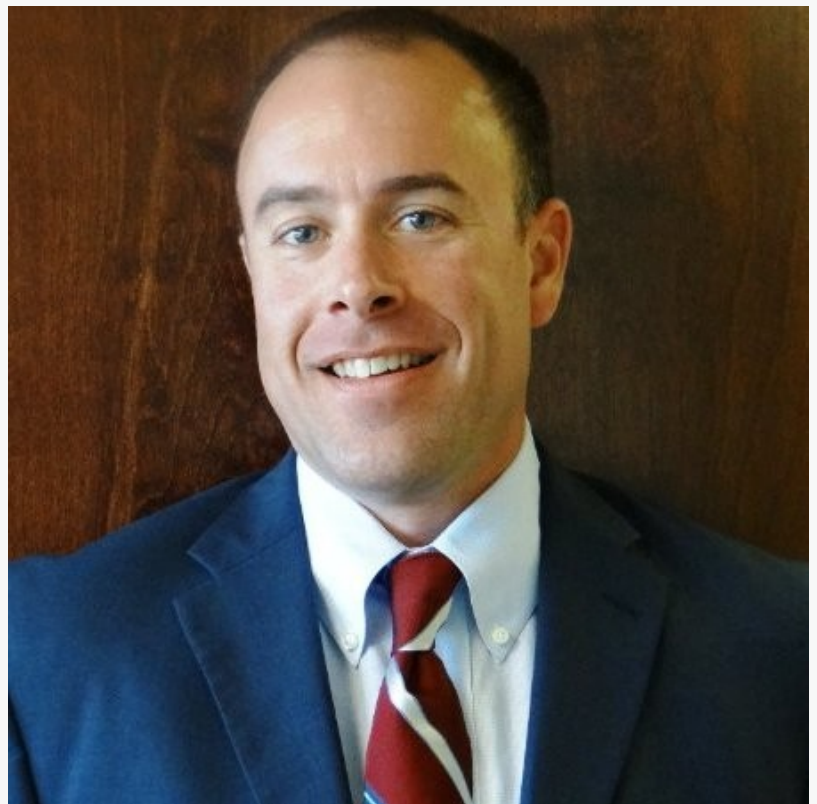


HOA Executive: Reserve Studies, Sustainable Budgets Protect Homeowners Everywhere

After Florida tragedy, reserve studies help avoid heartache, tragedy for homeowner associations

GREENVILLE, SC, USA, August 3, 2021 /EINPresswire.com/ -- As first responders sifted through the wreckage of Champlain Towers South in Surfside, Florida recently seeking unaccounted-for residents, America's attention shifted to determining the cause of the tragedy... and how to prevent such calamities in the future.

Already a Florida task force has been created to examine regulations surrounding condominiums and make recommendations to strengthen condominium-board law, as well as laws regarding construction, operations, maintenance, and safety recertification – all to minimize chance of a future tragedy.



Eric Kohorn, VP of NHE, Inc.

Early reports indicate widely known issues with ongoing maintenance on the 40-year-old building, and concern by residents over how expensive repairs would be funded from inadequate reserves -- pools of money collected to pay for ongoing fixes. The tragedy emphasizes the importance of conducting a reserve study – and not just for those living in decades-old high-rise condominiums near the water.

For community associations, their job includes estimating costs of future repairs and replacements.

In such instances, a reserve study can be useful for community boards and managers to determine how much money will be needed over a specific period of time. It does so by

analyzing each component of the common property, determining how long each component will last, and how much each component will cost to repair or replace when the time arrives, says Nicholas Brenneman of Reserve Advisors, a firm that prepares reserve studies for community associations across the country for clients.

“The reserve study establishes a schedule of annual reserve

contributions that are fair and impartial to current and future owners. Additionally, following the recommended annual reserve contributions greatly reduces the risk of additional assessments,” Brenneman states.

“

We have seen too many owners experience the pain of a special assessment because an HOA board failed to properly account for future replacement needs...”

Eric Kohorn, VP of NHE, Inc.

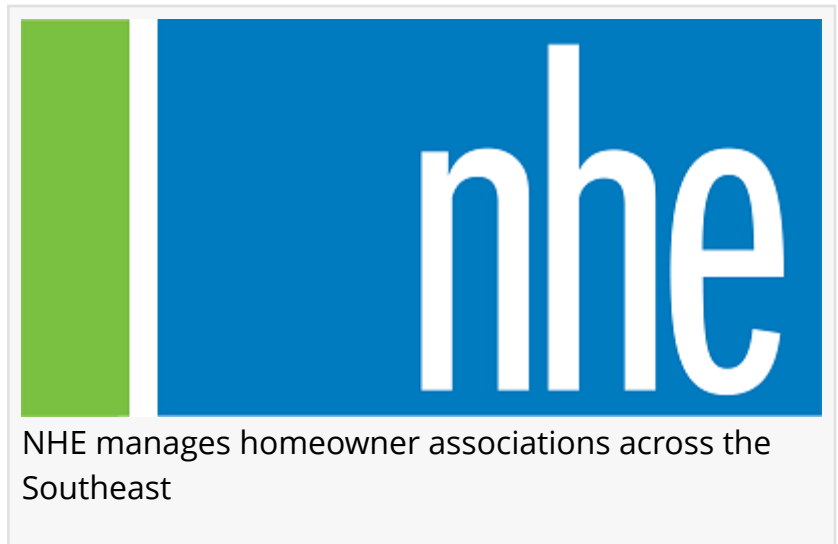
Reserve studies help community associations focus on near-term capital projects. Based on a detailed condition assessment, the reserve study professional conducts life and valuation estimates, and develops a schedule of prioritized capital projects. Factors, including condition of each component, criticality of its repair or replacement in a timely manner, and current reserve fund status should be considered when prioritizing capital projects.

“Having a clear understanding of near-term needs helps support board decisions and ensures the most efficient

use of reserve funds,” adds Brenneman. “And a reserve study professional should have experience in both the local market and with a customer’s type of community. The professional’s expertise is critical to life and valuation estimates that drive reserve funding needs since major discrepancies can result in being underfunded in the future. “

“A quality reserve study clearly documents the condition of each of your common elements,” he says, advising that the report “should also present a prioritized schedule of capital projects and annual reserve funding recommendations in a clear and concise format. The ability to understand the reserve study findings is critical to a board’s ability to implement the recommendations.”

Eric [Kohorn](#), Vice President of [NHE](#) Inc. which is among South Carolina’s largest community management firms, agrees.



“Historically, we have seen many owners experience the pain of a special assessment because a board failed to properly account for future replacement needs,” states Kohorn. “What tends to happen is that boards begin to fund the reserves at a point in time but may then go years or even decades without revisiting and reassessing the replacement costs or remaining life of the components.”

When too much time passes without reassessing costs and replacement of a specific component is needed, Kohorn explains, the cost may far exceed funds on hand in the reserve account.

“What ends up happening is that the board has to approach the owners and explain that more money is needed from the membership, and that’s never a pleasant conversation. The reserve study, properly utilized, is what prevents that unfortunate event from occurring,” stated Kohorn.

Such, apparently, was the case in Surfside where residents did not implement needed repairs due to soaring projected costs. Then tragedy struck, lives were lost, and a community plunged into mourning.

Preparing accurate and sustainable budgets -- including reserve studies -- is part of a series of educational resources available from NHE, among South Carolina’s leading [association](#) management providers. For more information on NHE, its services, additional resources on community governance, or to sign up for its newsletter, please visit www.nhe-inc.com.

NHE provides association management, conventional and affordable apartment management, and service coordination to communities across the Southeast, and represents over 17,000 homes, apartments, and condominiums in 15 states. NHE clients benefit from expertise, experience and leading-edge technology delivered by a dedicated staff offering diverse services to assure premium performance and value. NHE has been named a 2021 Top Workplace in South Carolina and holds the prestigious AMO (Accredited Management Organization) designation. For information, contact NHE at 864.467.1600 or visit www.NHE-Inc.com.

Sam Patrick
Patrick Marketing
+1 864-787-0820

[email us here](#)

Visit us on social media:

[Facebook](#)

[LinkedIn](#)

This press release can be viewed online at: <https://www.einpresswire.com/article/547950752>

EIN Presswire's priority is source transparency. We do not allow opaque clients, and our editors try to be careful about weeding out false and misleading content. As a user, if you see something we have missed, please do bring it to our attention. Your help is welcome. EIN Presswire,

Everyone's Internet News Presswire™, tries to define some of the boundaries that are reasonable in today's world. Please see our Editorial Guidelines for more information.

© 1995-2021 IPD Group, Inc. All Right Reserved.