

Funding Timeshare Resort Association Reserves: Key Issues and Solutions

Facility Advisors International discusses why issues related to funding timeshare resort association reserves have never been more critical than they are today.

LAS VEGAS, NV, UNITED STATES, November 20, 2023 /EINPresswire.com/ -- Funding Timeshare Resort Association Reserves: Key Issues and Solutions

“

The challenges associated with funding timeshare resort association reserves are significant but not insurmountable.”

*Gary Porter, FMP, RS, CPA, RRC
CEO of Facility Advisors
International, LLC*

[Facility Advisors International](#) Inc. discusses the challenges related to funding timeshare resort association reserves have never been more critical than they are today. Aging infrastructure, escalating repair costs, and recent catastrophic events like the Champlain Tower South collapse in Florida have raised concerns about the financial health of resort associations. In this primer, we will explore the key issues impacting timeshare resort association reserves and discuss potential solutions.

The unavoidable truth: Insufficient reserves

It's a universally acknowledged fact: No association ever has enough money in reserves. Regardless of the size or reputation of a resort, maintaining adequate reserves remains an ongoing challenge.

A wake-up call: Champlain Tower South

The nationally publicized collapse of Champlain Tower South in Florida was a wake-up call for the entire industry. It demonstrated the devastating consequences of neglecting ongoing maintenance. Structural integrity and safety must be the top priorities for any association.

Neglected infrastructure

The most significant assets for any resort are often hidden beneath the surface—pipes inside walls, underground plumbing, and infrastructure assets like water systems and electrical networks. Neglecting these crucial components can lead to astronomical repair costs down the road.

Preserve the asset: A primary directive

The primary purpose of any resort association, as stated in its governing documents, is to "maintain, preserve, repair, and improve the common area properties of the association." This directive is paramount, as the very existence of the association depends on it.

Methods vs. goals: Clarifying reserves

Reserve funding methods should not be confused with funding goals. While Florida law prescribes the use of the component funding method, the goal should always be to achieve 100% funding, regardless of the chosen method. This allows associations to plan for the future and avoid financial crises.

The dilemma of insufficient funds

When reserves fall short, associations are left with two options: special assessments or bank loans. While bank loans were once rare in the industry, they have become increasingly common due to widespread underfunding. Loans offer the advantage of spreading the financial burden over time, mitigating immediate financial strain.



Gary Porter, FMP, RS, CPA, RRC CEO of Facility Advisors International, LLC

Escalating construction costs: An ongoing challenge

In recent years, the construction and reconstruction costs of major repairs have skyrocketed. In some cases, it's more cost-effective to secure a loan and pay the associated interest than to contend with the inflation in construction costs.

Evolving regulatory landscape

In response to the Champlain Tower South tragedy, regulatory changes have been introduced. Florida now requires structural integrity reserve studies and benchmark engineering studies for high-rise projects, making it impossible to waive funding for these critical assessments. Other states are also considering similar measures.

Maintenance plans: A vital component

Maintenance plans are becoming a necessity in many states, including those for new condominium projects. They serve as a roadmap for preserving and enhancing property values, safety, and the overall resort experience.

Understanding maintenance

Maintenance can be categorized into three types: preventive, corrective, and deferred.

Preventive maintenance is the proactive approach to preserve assets. Corrective maintenance

addresses unplanned issues, while deferred maintenance includes tasks that were neglected over time. The cost disparity between preventive and deferred maintenance is significant, with preventive maintenance being the more cost-effective option.

Challenges are not insurmountable

The challenges associated with funding timeshare resort association reserves are significant but not insurmountable. By prioritizing maintenance, exploring loan options, and adapting to evolving regulations, resort associations can navigate these challenges successfully. It's imperative to remember that the primary goal is to preserve the asset, protect property values, and provide an exceptional experience for owners and guests.

About Facilities Advisors: Skills, Knowledge and Experience

The principals at Facilities Advisors are recognized leaders in the community association industry and the reserve study profession. Facilities Advisors CEO Gary Porter is a past national president of CAI and is also president of the International Capital Budgeting Institute (ICBI). Facilities Advisors COO Pierre Del Rosario serves on the board of directors of ICBI. Both are coauthors of "Reserve Studies – The Complete Guide," the most comprehensive book written on the subject of reserve studies.

We have the experience you need. The thousands of associations we've served speak to our quality service. Add to that our competitive fee structure and our easy-to-read reports, and you've got the right team for your reserve study. Whether you're a timeshare resort, a high-rise association in the city, a unique condominium project in the desert, or a large-scale gated community, we have the experience, and we can handle today's challenges.

For more information and a consultation, contact: Gary Porter, FMP, RS, CPA, RRC, 702-605-2394, gary@facilitiesadvisorsllc.com, or visit: [reservestudyusa.com](https://www.reservestudyusa.com)

Gary Porter, FMP, RS, CPA, RRC, CEO
Facility Advisors International, Inc
+1 702-605-2394
gary@facilitiesadvisorsllc.com

This press release can be viewed online at: <https://www.einpresswire.com/article/669641923>

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.

© 1995-2023 Newsmatics Inc. All Right Reserved.