

2018 HOA Budget Survey Results



FirstService
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**WHAT
MATTERS
MOST
TO BOARD
MEMBERS?**

THE RESULTS ARE IN.

We asked board members across the country about their approach to budget planning and reserve funds. You gave us some great insight into what matters most to YOU when it comes to association budgeting. These results will help us create ongoing education, best practice resources and valuable tools for associations like yours.

Continue reading for the results and to see helpful tips and reminders...

1. What is the goal of your budgeting process (select all that apply*)?



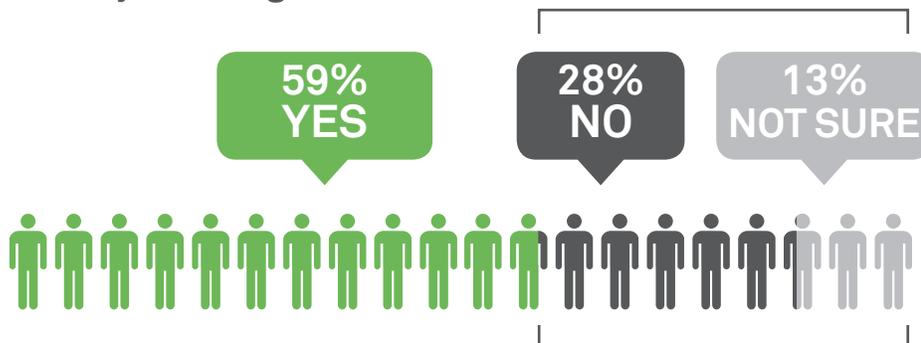
*Results exceed 100% based on multiple responses.



Remember:

Keeping assessments low *now* may negatively affect your financial health and/or relevancy in your marketplace *in the future* due to low investment in capital improvements (e.g., when potential owners see a dated clubhouse or gym, they may be less inclined to buy).

2. Do you feel your management company provides you with accurate and complete information (e.g., detailed averages of actual expenses) so that you can make informed decisions about your budget?

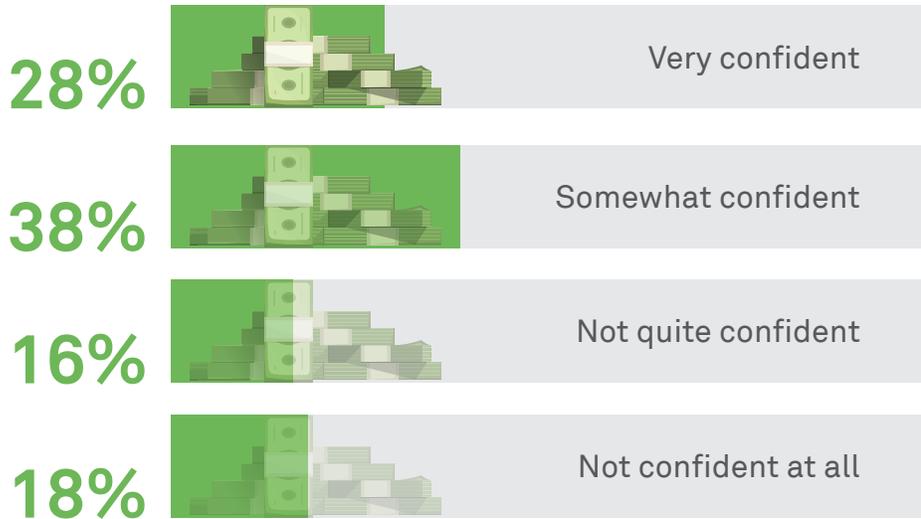


Uh Oh!

41%

of board members aren't sure they're receiving the best information. You should be seeing detailed expense reports, vendor contracts and historical budget data. If you're in the dark, speak with your management company.

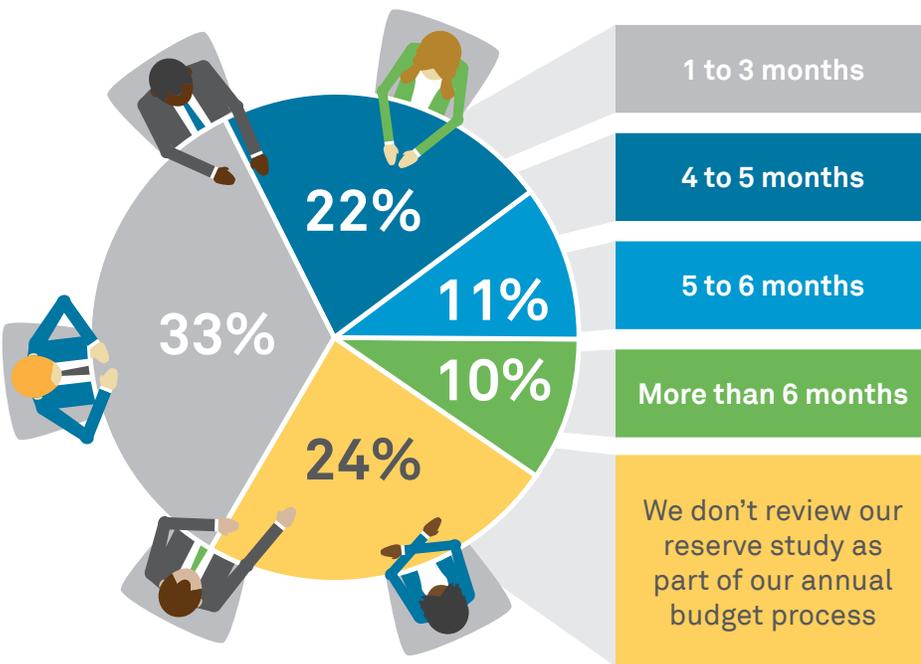
3. How confident are you that you are getting the best returns possible on your reserve funds and/or operating funds?



Tip:

Work with your management company's financial partners to maximize returns. FirstService Financial leverages its vast portfolio of clients to help associations get above-average interest rates. **In 2017, this amounted to \$9.2 million in additional interest earned on reserve accounts.**

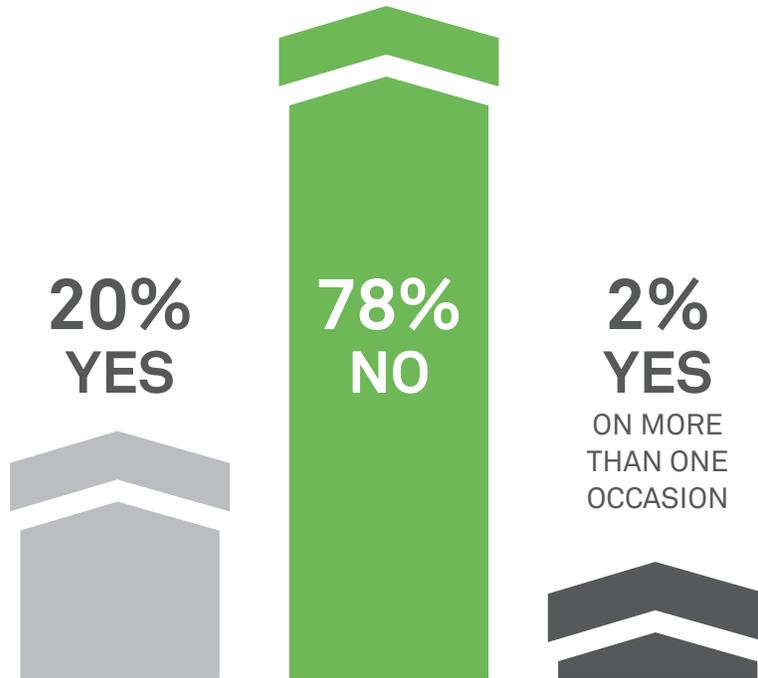
4. How far in advance of your annual budget being approved do you begin reviewing your reserve study?



Red Flag!

Nearly a quarter of board members said they do not review their reserve study during their annual budget process. **California civil code 5550 requires that the board review their reserve study each year.** (The good news is that only 7% of CA board members said they do not review their reserve study.)

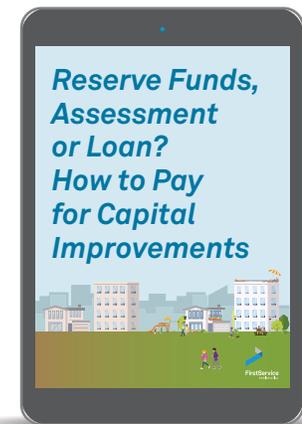
5. Have you ever had to impose a mid-year assessment increase or special assessment in your community?



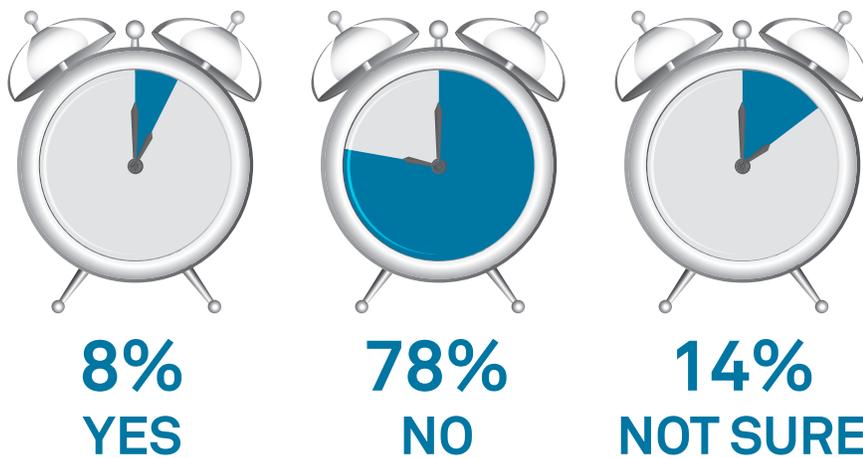
What If?

If you fear a special assessment is on the horizon or feel unprepared for an emergency, partner with your management company to plan ahead. To learn more, read the article here:

<http://bit.ly/CA-FCP>



6. Have you ever missed a deadline to publish and notify owners of your annual budget in accordance with civil code?



Reminder:

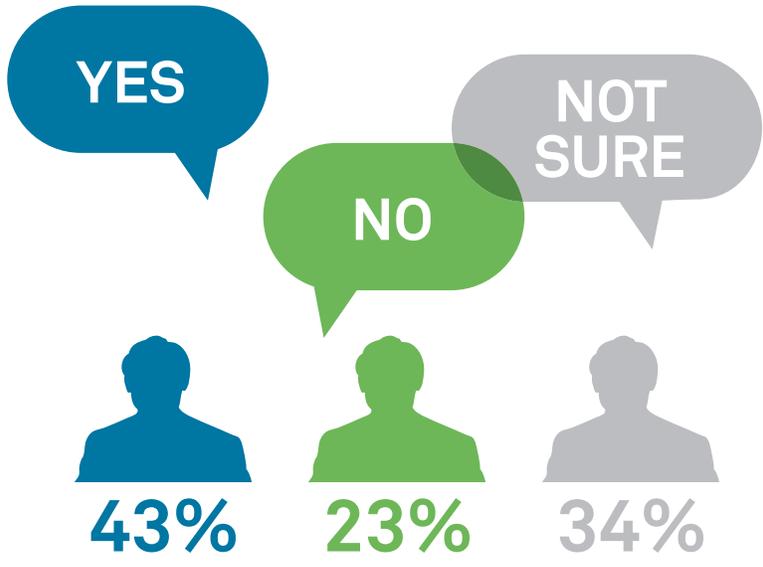
California civil code states that your annual budget report must be distributed to members within

30-90 DAYS

before the end of the association's fiscal year.



7. Does your management company ask service vendors if there will be anticipated increases in costs in next year's budget?



Tip:

Partner with a management company that has the size and purchasing power to negotiate better rates and fees with your vendors. They will also work with vendors to plan for potential environment- and economy-related costs (such as the rising minimum wage or increasing energy costs).

8. How often do you update your reserve study?



Reminder:

California civil code 5550 says the board should review their reserve study and make adjustments every year. While 86% of California board members affirmed that they do annual updates, that doesn't mean they're looking at everything. Make sure to include elements like determining accurate useful life and economic changes.





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ABOUT FIRSTSERVICE RESIDENTIAL

FirstService Residential is North America's largest manager of residential communities and the preferred partner of HOAs, community associations and strata corporations in the U.S. and Canada. FirstService Residential's managed communities include low-, mid- and high-rise condominiums and cooperatives, single-family homes, master-planned, lifestyle and active adult communities, and rental and commercial properties.

With an unmatched combination of deep industry experience, local market expertise and personalized attention, FirstService Residential delivers proven solutions and exceptional service that add value, enhance lifestyles and make a difference, every day, for every resident and community it manages. FirstService Residential is a subsidiary of FirstService Corporation, a North American leader in the property services sector.

In California, FirstService Residential, has grown over the past three decades to become the premier property management company serving the state with 950 properties representing 215,000 units. Eleven regional offices throughout California are located in Orange County, North and South Inland Empire, Los Angeles, Westlake Village, Palm Desert, Santa Clarita, San Diego, Bay Area, Sacramento and San Francisco. For more information, visit www.fsresidential.com.

Learn more about how FirstService Residential can help your association plan for a sound financial future. Visit our website for HOA best practices, tips and helpful articles.
<http://bit.ly/BestPracticesCA>



Let's chat.
Contact us today:

Northern California

Heather Peters
916.527.6153
Heather.Peters@fsresidential.com

Los Angeles/Orange County

Gary Hamblin
949.448.6011
Gary.Hamblin@fsresidential.com

**San Diego/Coachella Valley/
Inland Empire**

Hallie Kirkingburg
951.973.7524
Hallie.Kirkingburg@fsresidential.com