

CAI Oregon Law Day: Risks and Tips on how to Deal with Aging HOA Communities

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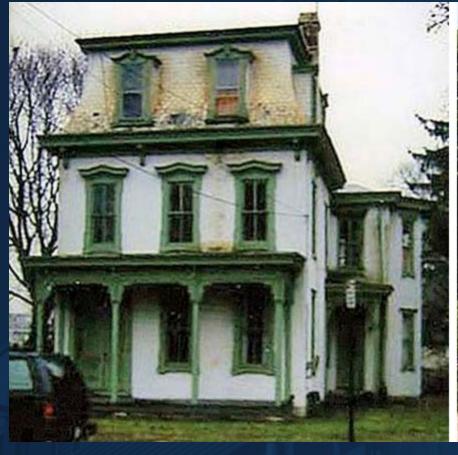
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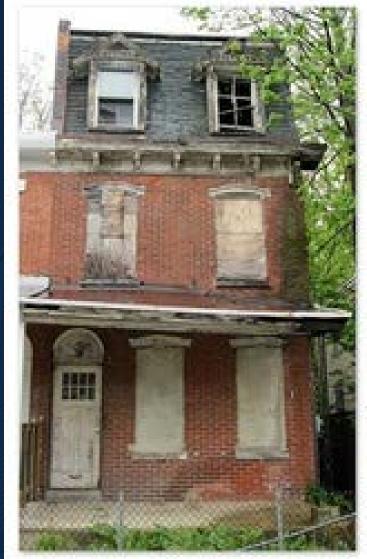


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NJ lawsuit. Violations included deteriorating siding, dilapidated staircases, rotting fences, mold, rusted out electrical components, and broken central air conditioning.



Investigators are blaming lack of boiler maintenance and a deteriorated chimney for a buildup of carbon monoxide gas where a woman was found dead.



Repercussions for Failure to Deal With Aging Communities

- 1. Repairs are more expensive than maintenance
- 2. Resale Value
- 3. Owners ability to pay (dues v. lump sum assessment)
- 4. Health and Safety
- 5. Liability



Tips for Dealing With Aging Communities

1. Physical Tips







1. Hire a building consultant to inspect your exterior envelope and your major mechanical, electrical, and plumbing systems every 3-5 years.





Hire a qualified building consultant or reserve specialist to prepare a building maintenance plan for your community and implement it.
-Designate a board member to track the plan





- 3. Don't delay scheduled repairs.
 - -E.g. if you have a 30-year roof, but it isn't leaking yet, you should still replace the roof.
 - -It is far less expensive to replace it when it is not leaking.





4. Repair exterior envelope leaks ASAP -roof, siding, windows/doors, decks





5. Repair mechanical, electrical, and plumbing failures ASAP.





- 6. Out of sight, should not be out of mind.
 - Check attics, crawl spaces, mechanical rooms annually to ensure these spaces are properly vented and that all ducting is connected.





- 7. If reserves are underfunded, face the hard decisions.
 - -Deferring maintenance will only cause the costs to increase.





8. The cheapest fix isn't always the best fix -Work with the HOA "team" to develop a scope of repair that maximizes the benefits of your budget.





- 9. Landscaping
 - -Tree survey
 - -Roots
 - -Soil-building clearance



- 10. Sidewalks, playground, pool, etc.
 - -Cracks and uneven pavement can create tripping hazard
 - -Playgrounds and pools are potential hazards
 - -Gutter maintenance



- 11. Owner checklists
 - -Humidity
 - -Water leaks
 - -Winter prep
 - -Reporting issues
 - -Dryer vents (may be common obligation)







- 1. Reserve Studies
 - -Make sure it is current and accurate
 - -Make sure it is adequately funded
 - -Keep it updated (generally required to update annually)
 - -Don't ignore findings
 - -Make sure you understand it (assumptions, etc.).



- 2. Build a "Team"
 - -Attorney
 - -Insurance Broker
 - -Mitigation Contractor
 - -Vendors



- 3. Create an emergency/mitigation plan
 - -Water shut off
 - -Electrical shut off
 - -Emergency contacts
 - -Owner phone lists



- 4. Governing document review
 - -Changing circumstances
 - -Changing law



- 5. Insurance Review
 - -Premiums
 - Don't just shop rates
 - -Coverage



- 6. Periodic Appraisal
 - -Impacts insurance coverage
 - -Over insuring or underinsuring
 - -Coinsurance penalty



- 7. Review Vendor Contracts
 - -Confirm scope of services
 - -Confirm quality of services



- 8. Consider energy audit
 - -Building Appurtenances are constantly evolving
 - -HOA's might cut costs or make buildings more efficient by adopting energy saving measures.
 - -Energy audits may be available at little or no cost.
 - -Tax Credits may be available



- 9. Pay attention to owner complaints
 - -Might signal property damage or defects
 - -Liability avoidance
 - -Could trigger claim deadlines



- 10.Create protocol for dealing with vacant units-Vacant units are often cause of damage
 - Leaking or burst pipes
 - Heating issues
 - Vandalism



11.Track Applicable Warranties -Roofs, windows, etc.



- 12. Understand and be proactive with respect to Statutes of Limitations
 - -Construction Defects
 - Statute of Limitations
 - *Six years (contract)
 - *Two years (negligence)
 - -Statute of Repose (Ten years –for now)
 - -First party insurance claims (Two years)
 - -Review in conjunction with Reserve Study or Building Assessment



Questions?





Thank You!

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