



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

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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

2. “Paper” Tips



Physical Tips





Physical Tips

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



Physical Tips

2. 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



Physical Tips

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.



Physical Tips

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



Physical Tips

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



Physical Tips

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.



Physical Tips

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



Physical Tips

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.



Physical Tips

9. Landscaping

- Tree survey
- Roots
- Soil-building clearance



Physical Tips

10. Sidewalks, playground, pool, etc.

- Cracks and uneven pavement can create tripping hazard
- Playgrounds and pools are potential hazards
- Gutter maintenance



Physical Tips

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



“Paper” Tips





“Paper” Tips

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.).



“Paper” Tips

2. Build a “Team”

- Attorney
- Insurance Broker
- Mitigation Contractor
- Vendors



“Paper” Tips

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



“Paper” Tips

4. Governing document review
 - Changing circumstances
 - Changing law



“Paper” Tips

5. Insurance Review

- Premiums

 - Don't just shop rates

- Coverage



“Paper” Tips

6. Periodic Appraisal

- Impacts insurance coverage
- Over insuring or underinsuring
- Coinsurance penalty



“Paper” Tips

7. Review Vendor Contracts

- Confirm scope of services
- Confirm quality of services



“Paper” Tips

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



“Paper” Tips

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



“Paper” Tips

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



“Paper” Tips

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



“Paper” Tips

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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