

## June 9th Meeting BMHOA Dues/Budgets/%

Operating expenses cover day-to-day recurring costs. Landscaping, snow plowing/salting iced areas, utilities, insurance, administrative work, and routine maintenance all fall under operations. These expenses happen monthly or annually and keep your community functioning normally.

Reserve funds are savings for major future projects. These big-ticket items don't happen every year, but they're inevitable. Reserves ensure money is available when needed rather than hitting homeowners with surprise special assessments.

Most HOAs allocate 60% to 85% of dues to operations and 15% to 40% to reserves.

The exact split depends on your community's age, amenities, and deferred maintenance needs.

Underfunding reserves is one of the most common HOA financial mistakes. It keeps current dues artificially low but guarantees special assessments or deferred maintenance in the future.

Adequately funded reserves protect property values. Potential buyers and their lenders review reserve fund levels when evaluating whether to purchase in your community.

Well-managed HOAs show clear signs in how they handle money.

They maintain adequate reserve funds, typically at least 70% of what the reserve study recommends. They perform regular maintenance rather than deferring it. They provide detailed financial reports to homeowners.

Landscaping is almost certainly your HOA's largest operating expense. For most communities, it eats 30% to 50% of the annual budget — more than insurance, management fees, and utilities combined.