

WATERFORD PLACE HOMEOWNERS ASSOCIATION, INC.

Reality Check: The results of “keeping HOA assessments low.”

Waterford Place is a Homeowners Association located in Germantown, Maryland. Constructed between 1991 and 1992, the community comprises 11 townhouse buildings containing 70 units. Miller+Dodson, a nationally recognized and leading firm in the Reserve Study field, conducted a reserve study in March 2020 for the Waterford Place Homeowners Association. The Miller+Dodson capital reserve survey examined the common elements of the Waterford Place Homeowners Association property, including:

- Entry monument and stacked stone monuments (split-rail fences)
- Townhouse road (Waters Row Terrace) and parking lanes
- Asphalt walking path
- Sidewalks, mail pads, curbs, and gutters (concrete)
- Tot lot/playground and picnic/sitting area
- Stormwater management
- Signage

The Waterford Place Homeowners Association has a fiduciary responsibility to protect the property’s appearance, value, and safety. Therefore, the Association must have a financial plan to fund the projected replacements.

Miller+Dodson performed a visual evaluation on March 26, 2020, to determine the remaining useful life and replacement cost for the commonly owned elements of the Waterford Place property. The photos provided below were captured in March 2020 and were used to document the condition of the common elements for the Reserve Study prepared for the Waterford Place Homeowners Association for the Fiscal Year 2020, covering the period from January 1, 2020, to December 31, 2020.

The Replacement Reserves Starting Balance as of January 1, 2020, was reported to be **\$153,695**. The reported budgeted Annual Funding for Reserves for FY2020 was **\$10,561**. The Miller+Dodson Recommended Annual Reserve Funding level for 2020 was **\$12,207**. The Miller+Dodson recommended amount was **\$1,646 more than** the amount Waterford Place Homeowners Association was budgeted to collect to ensure appropriate levels of capital reserves funding would be available in future years. **Miller+Dodson noted this \$1,646 deficit in 2020 as inadequate and would impact the Association’s ability to fund projected replacements in coming years.**



**CONDITION OF THE WATERFORD PLACE HOMEOWNERS ASSOCIATION COMMON ELEMENTS
(MARCH 2020)**

1 Asphalt Walking Path (March 2020)



2 Asphalt Walking Path (March 2020)



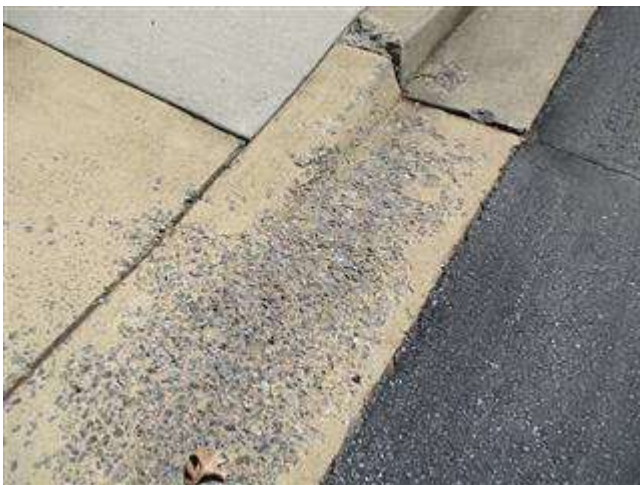
3 Concrete: Sidewalk (March 2020)



4 Concrete: Sidewalk (March 2020)



5 Concrete: Gutter/Curbs (March 2020)



6 Concrete: Gutter/Curbs (March 2020)



7 Concrete: Mailbox Pad (March 2020)



8 Asphalt/Stenciling on Roadway (March 2020)



9 Asphalt: Parking Lane/Bay (March 2020)



10 Asphalt: Roadway (Waters Row Terrace) (March 2020)



11 Asphalt: Roadway (Waters Row Terrace) (March 2020)



12 Picnic/Sitting Area (March 2020)



13 Picnic Benches/Table (Picnic Sitting Area) (March 2020)



14 Front Entrance Light/Lantern (March 2020)



15 Front Entrance, Stacked-Stone Monument (March 2020)



16 Stacked-Stone Monuments/Split Rail Fence (March 2020)



17 Tree Well/Planter (rotted wood, exposed rebar/steel bars) (March 2020)



18 Tree Well/Planter (rotted wood, exposed rebar/steel bars) (March 2020)



19 Tot Lot (Installed in 2005; 15 years old; non-compliant due to lack of maintenance) (March 2020)



Most industry experts estimate the average lifespan of playground equipment to be around 10 to 15 years.

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25 Stormwater Drain (near Tot Lot) (March 2020)



26 Stormwater Drain (near Tot Lot) (March 2020)



27 Cluster Box Unit/CBU (Mailbox) (March 2020)



28 Cluster Box Unit/CBU (Mailbox) (March 2020)



29 Signage (faded, unreadable) (March 2020)



30 Signage (faded) (March 2020)



The Waterford Place Homeowners Association has a fiduciary responsibility to protect the property's appearance, value, and safety. Therefore, the Association must have a financial plan to fund the projected replacements. One of the primary purposes of HOA assessments is to cover the cost of maintaining common areas and amenities within a community. Lowering annual assessments, or "keeping fees low," can result in inadequate funds for essential maintenance and repairs, leading to a decline in the community's appearance and, therefore, a decline in property values.