

**WEEKLY QUESTION AND ANSWER
FOR NEVADA HOA INVOLVED INDIVIDUALS**

NEIGHBORING ASSOCIATION HAS LOWER ASSESSMENTS

Question: How do we know whether our association's budget is accurate and realistic? A similar association in your area could have a much lower budget so their owners pay \$50 per month less than you pay.

Answer: In Nevada, owners have a right to vote on the budget annually and can get copies of that budget to see where the money is going.

Unfortunately, in the whole USA, expenses have gone up in HOA's because of insurance. Some associations claim they have adequate insurance, but definitely don't as they have captive agents who could not get them three bids.

Don't assume that your board is overspending too much money, you never know what amenities, difference in legal fees, adequacy of reserves, etc. are in the other associations. Nevada's law says that adequately funding is what the reserve study says, but a lot of HOA' ignore this legal requirement.

See if you have a Budget Committee for the association and if not offer to work with the board on one. It can be very helpful.

The Board's role is not to keep the assessments down, but to adequately run their Nevada Not For Profit Corporation. Some people get on the board thinking that their whole role is to keep assessments down forgetting that they are directors on a Nevada Corporation and need to act appropriately while insuring that they will not be MAJOR Special Assessments or Special Reserve Assessments in the future because they underfunded now.

Keep in mind that even some single-family homes have been recorded as condos by the developer and the association is responsible for the total exterior of the houses. You just can't make assumptions.