Memorandum

From: Michael Siewert, President, Elm Grove Parkway Condominium
Date: December 16, 2024
Re: Brief Explanation of Association Dues

To Whom It May Concern:

The Association has determined in recent times that we ought to accomplish two things.

First, we should simplify our dues and assessments structures. In order to maintain our operations and save for the future, we began to collect regular dues as well as multiple assessments. While this structure proved effective, it required too much explanation. Therefore, beginning Jan 1, 2025, homeowner payments to the association are simply four quarterly dues of $1975/unit, paid Jan 1, April 1, July 1 and Oct 1.

Secondly, the quarterly dues of $1975 ($658.33/mo equivalent) require a little explanation. Previously, we distinguished between operating dues and special assessments for major repairs and projects such as roof replacement. Now, our homeowner obligations are simply "dues".

Years ago, the Association voted (as permitted by WI law) not to impose a statutory reserve fund, but to simply assess units as needed. Now, however, the property is older and major projects like roof, siding and driveway replacements are somewhat predictable or anticipated. And since volunteer board members turnover regularly, not always having the long-term view, it is thought that we should impose a savings discipline on the association.

Therefore the board has begun to plan for the future. As voted on by the homeowners in 2024, the association has passed a resolution that dues paid by all homeowners include $2500 per year ($625/quarter, or $208.33/mo equivalent) for future improvements and major repairs. These amounts are to be segregated and not used for normal operations. Rather, the board is required to receive an affirmative vote by the homeowners in order to access these funds in order to ensure they are used for long term capital purposes, or emergencies.

Therefore, when evaluating our current quarterly dues of $1975/unit, it is fair to say that $1,350 ($450/mo equivalent) is being used for normal operations and $625 ($208.33/mo equivalent) is being used for mandatory reserve set asides.

It is our opinion that dues of $1975/quarter broken down as $1350/quarter ($450/mo) for operations and $625/quarter ($208.33/mo) for long term reserves are competitive numbers and will help maintain our property for the long run. It is also our opinion that many smaller condominium associations are ignoring their long term needs and may have substantial cost increases in the future – something we hope to avoid.