



CID Major Repair & Replacement Obligations

Under Recognized, Underfunded, Under Disclosed

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The central finance question in Common Interest Developments (CIDs) is: **Who pays—when, why, and for what?** And the most challenging financial and political issue within that question is the periodic (non-annual) Major Repair & Replacement (MRR) maintenance obligations—commonly and erroneously referred to as reserves. A conversation for another day.

My contention is, after over 40 years rummaging around in the CID finance forest, that these MRR obligations are underestimated, hidden in “back of the book” disclosures, vastly underfunded (like billions of dollars), and under disclosed to HOA stakeholders (once a year in small print at the back of the budget).

Why should you care about this issue?

My assumption is that the reader is a community manager, leader, or advisor with a duty to counsel unaware board members, owners, and other stakeholders about the range and domain of this problem in their community. This issue is like climate change. Filled with deniers, disputers, distractors, and delayers. Time for industry professionals to ring the bell, champion change, and influence outcomes.

Hopefully, this deposit to the pool of knowledge resonates with the reader, stimulates a deeper dive into the subject, and moves the needle on the recognition, funding, and disclosure continuum.