

SONOMA RANCH EAST MINUTES

October 1, 2026

1. 6:20 PM Meeting called to order and quorum. In attendance: Laura Kaczmarek, Tim Lawrence, Kulbhushan Grover, Louis Peregrina and Mark Shervanick.
2. Board approved reimbursement of \$800 to Ezra Huscher for the Artwork on Mailboxes artist commission and supplies.
3. Approved Memorandum of Understanding for Reserve Funds
4. The Board approved the 2026 Annual Meeting on November 6 at 6pm in the DABCC Conference Room with a food budget of \$250.
5. Other Business: Approved 12 lantanas planted by Extreme Landscaping. Kumar will research availability of trees with arborists through the City of Las Cruces. ARC request approved for 4378 Calle Amarillo. Board reviewing the Front Steps website.
7. 8:05 PM Adjournment Next meeting 6pm on November 6th at DABCC

MEMORANDUM OF UNDERSTANDING

OCTOBER 1, 2026

WHAT ARE RESERVE FUNDS?

Reserve funds are financial provisions established by a Homeowners Association (HOA) to cover significant and often unanticipated costs associated with the **maintenance and repair of common areas within a community**. These funds are accumulated over time, primarily through homeowner assessments earmarked for this purpose. They are designed to ensure that when major components such as roofing, plumbing, or recreational facilities require repair or replacement, the necessary funds are readily available.

Overall, the reserve fund's purpose is to make sure that when it comes to upkeeping the common areas, the financial impact on homeowners is minimized, upholding the stability and sustainability of the community association. The goal is to avoid levying special assessments on homeowners whenever large or unexpected expenses arise. Reserve funds can also be tapped for planned, predictable repairs and maintenance tasks to preserve and enhance shared assets, as determined by periodic reserve studies or the Board.

RESERVE FUNDING RULES:

No statutory minimum or contribution formula for reserve funds. The Board must adopt a budget annually and provide a summary to all lot owners (NMSA § 47-16-7), but whether and how much to reserve is left to the Board's discretion under its statutory duty of care.

The New Mexico Homeowner Association Act (NMSA 1978, §§ 47-16-1 et seq., effective July 1, 2013) does not mandate reserve studies or minimum reserve funding for HOAs instead it requires reserve disclosure.

The Board has determined that the Sonoma Ranch East Subdivision Owners' Association, Inc. does not own any **"common areas within our community"**. The Board, upholding their fiduciary duty to act in the best interest of the community, supports a Memorandum of Understanding that Reserve Funds may be used to offset budget deficits.