

APRA Advisor

Association of Professional Reserve Analysts (APRA) is a nonprofit corporation established in 1995 by principals of America's leading reserve study companies. The purpose of APRA is to provide a forum to establish a common base of knowledge, standards of care and professionalism within the reserve study industry.

The **APRA Advisor** is a bimonthly publication designed to expand the understanding of reserve planning and increase awareness of **Professional Reserve Analysts**.

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Start to Finish Contracting

Your homeowner association may be faced with a large siding, dryrot or structural repair. These projects often involve a number of trades like carpentry, electrical, plumbing and engineering that must be properly combined for a satisfactory outcome. If the scope of work is large, it makes sense to use the services of a professional Construction Manager (CM). Here are some of the reasons:

Speak the Same Lingo. Contractors prefer to work with people who understand their trade. Making a profit depends on maximum production and efficiency from a work crew. CMs speak "Contractorese".

Good Specifications. A good CM provides the kind of specifications that allows subcontractors to be more price competitive. When dealing with laymen like homeowners, it's common for subs to add a margin to compensate for potential problems resulting from inadequate specs.

Getting Material You Bargained For. Occasionally materials get "mistakenly" delivered to another job site or arrive in a lesser quality than ordered. Consider having your CM buy the materials direct and have them delivered to the job site. The CM will ensure you get what you ordered.

A Good Contract. Include contract clauses that keep costly change orders to a minimum such as:

1. Time frame for job completion
2. Penalties for failing to meet the deadline.
3. Hours when work may be performed.
4. Requirement for liability and

- workers compensation insurance.
5. Quality checks prior to payment
 6. Progress payments based on work completed.
 7. 10% holdback pending final review.

Don't Advance Funds. HOAs managing their own projects, large or small, often fall into the trap of advancing money prior to work being done. Prepayment is a red flag. Contractors that require prepayment are often in financial straits or do not have adequate credit to purchase the materials needed for the job. Occasionally, contractors disappear with the money or pay another job's bills with it. There can be exceptions to this rule, like purchasing custom built windows or installing special order materials. If this is the reason for prepayment, have the materials delivered to the jobsite and pay the bill directly.

Lien Releases Lien releases are written and signed statements from the contractor that warrants all employees, subcontractors and suppliers involved in the job have been paid. Employees, subcontractors and suppliers have the legal right to file a lien on the property to which their labor or materials is attached. Don't tender payment without exchanging it for a lien release that transfers this liability to the contractor. Writing the check to both the contractor and supplier is additional insurance that it won't come back to haunt you.

Scheduling CMs handle the complex scheduling of various trades to ensure smooth job progress. Understanding the sequence of construction events is essential. CMs aren't afraid to apply pressure to speed up slow contractors (contractorese is "kicking butt").

Hold Back It's common to withhold 10% of the total contract pending completion of a "punchlist" gathered as result of a walkthrough by the contractor and CM. Don't release funds unless satisfied that the job is complete.

Construction managers are masters in piecing together complex projects and getting the best value for your money. There is too much at stake to risk trying to do this yourself. Don't go down this road without one. Get a CM involved in the planning stages to run the project from start to finish. *By Richard Thompson - Regensis.net* **APRA**

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Preparing to Paint

Is your homeowner association preparing to paint? If so, should you use an elastomeric, acrylic latex or oil alkyd paint? Will a certain primer make the finish coat last longer? Can you deter mildew? What about a warranty? Who will inspect the painter's workmanship?

If you are not a painting expert, it's prudent to start with a major paint supplier before calling any contractors.

A knowledgeable consultant will help select color options, provide a manufacturer approved set of specifications *and* oversee the contractor's work. The specs ensure a well executed paint job and validate the warranty. Best of all, these services are offered FREE in exchange for providing the paint.

After contacting the paint supplier rep, a site inspection is the first order of business. The rep will evaluate the current condition of the paint and surfaces plus identify existing and potential problem areas. With this information, the specs will be developed which include the preparation techniques, primer, finish coat and application instructions for each type of surface.

After acceptance of these specifications by the board, it's time to solicit bids. The specifications will expedite the bidding process and ensure that all proposals received are for equal work and like materials (apples to apples). To do otherwise, requires comparing incongruous proposals and likely voiding the material warranty.

Once the contractor is selected, the specifications should be a condition of the contract. When the work commences, it becomes the paint company's job to monitor the contractor's work to ensure compliance with the specs. Progress inspections should be completed after cleaning, sealing, priming, patching and painting...before the contractor is allowed to proceed. Your consultant will also prepare a final punch list for the contractor. The job isn't finished until he is satisfied that the specs are completed and a warranty can be issued.

Insist that you receive partial lien releases from the contractor with each progress payment and a final lien release upon payment in full. To make sure the paint supplier gets paid, issue a check payable to both the contractor and supplier or purchase the paint separately. Buying the paint directly

and having it delivered guarantees you get what you bargained for.

Your paint supplier is your ally so work closely and prepare early. If you plan a summer project, start in early winter. Contractors are easier to deal with and you often will get better pricing and scheduling. Paint on! *By Richard Thompson - Regensis.net* **APRA**

Why Not Join APRA?

Membership in **Association of Professional Reserve Analysts** is extended to professional reserve study providers and service providers offering products and services to homeowner associations. Let APRA promote your interests.

www.apra-usa.com

Good Neighbor Fences

"Mending Wall" is a poem written by Robert Frost in 1914. It is set in the New England countryside and is about one man questioning why he and his neighbor must rebuild the stone wall dividing their farms each spring. The neighbor rebuilds the wall without question, quoting a 17th century proverb "Good fences make good neighbors". But Frost's narrator questions this noting that neither his apple trees nor his neighbor's pine trees are likely to encroach on the other's property. He says, "Before I built a wall I'd ask to know / What I was walling in or walling out / And to whom I was like to give offense."

The need for privacy in common wall housing makes much more sense due to close proximity of neighbors. For continuity of appearance, it's important to adopt a fence "standard" that addresses privacy, maintenance and neighbor Style Fence" works well for that purpose. Here is a proposed "standard" that can be adopted by the

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board:

Good Neighbor Style Fence Policy -

This is the **ONLY** style of fence authorized for installation at our homeowner association. All repairs and replacements are to be order by the board or property manager only. Wood will remain unpainted for uniformity and to reduce maintenance costs. When replacement of other style fencing is required, the "Good Neighbor Style" will be installed according to these specifications for maximum durability:

- ◆ All old fencing material shall be removed and disposed of properly.
- ◆ 4" x 4" x 8' treated fence posts set a minimum of 18" deep in premixed concrete on 8' centers
- ◆ 2" x 4" treated horizontal rails set for attaching vertical boards
- ◆ 1" x 6" x 6' #1 select cedar board, alternating on railings with 1/2" overlap
- ◆ 2" x 6" tight knot cedar cap rail
- ◆ 1" x 6" clear cedar horizontal trim boards on top and bottom of vertical

overlapping boards

- ◆ All nails shall be galvanized.
- ◆ All boards shall be hand nailed.
- ◆ All work shall be done by a licensed, bonded and insured contractor in a professional manner

While good fences may or may not make good neighbors, the *kind* of fence does make a difference. This one addresses the need for privacy, aesthetics and durability...a formula that adds up. *By Richard Thompson - Regensis.net* [APRA](http://www.apra.com)

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Snow Joke

Part of a homeowner association's responsibility in colder climates is common area snow and ice removal.

Private streets, parking lots, drives, steps and walkways all usually qualify. In places like Buffalo NY, it's a mandatory budget line item. In the Pacific Northwest where winter weather is moderate, it's something that may or may not happen.

But there's a paradox about snow and ice removal. When you really need someone to do it for you, as the expression goes, "How does the snow plow driver get to work?" If weather conditions are really bad, the emergency crew often won't show until after the snow melts.

So, while it's clearly the HOA's responsibility, out of practicality and expediency, the board may want to make owners responsible for their own personal steps, walks and driveways. The association can assist by making shovels, stiff brooms and ice melt product available so those that are ready, willing and able can take care of it. Stashing these inclement weather aides in various convenient locations

will help residents help themselves and reduce costs for emergency maintenance that may be impossible to get anyway.

Be prepared. Ice snow joke! By *Richard Thompson - Regensis.net*
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APRA Symposium
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Each year, the **Association of Professional Reserve Analysts** hosts a Symposium for reserve study professionals to brainstorm, debate and receive cutting edge education. APRA members receive special discounts and those holding the Professional Reserve Analysts (PRA) earn continuing education credits. The future is bright for the reserve study industry. Won't you join us? For an information brochure, see www.apra-usa.com

Rainy Day Planning

A homeowner association (HOA) board's responsibilities can be summarized as "the maintenance and

A reserve study is a fundamental planning tool that every homeowner association needs to function properly.

APRA members carry the Professional Reserve Analyst (PRA)TM credential which requires extensive education, years of experience and client references.

APRA members provide high quality reserve study service throughout the United States, Canada and Australia.

For contact & membership information:
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enhancement of HOA property and harmonization of the residents." To achieve these objectives, rainy day planning prevents disaster from "raining" down. Rainy day planning is anticipating events far in advance and being prepared to deal with them.

One key rainy day planning strategy is the scheduling and funding of future repairs and replacements, called "reserve planning". A reserve plan is the outcome of a "Reserve Study" which identifies all the grounds and building components for which the HOA has maintenance responsibility that have a 3 to 30 year life span. Each component is measured, assessed for condition and repair or replacement cost computed. This information, when combined with an inflation factor, tax considerations and return on invested reserves, produces a custom thirty year maintenance schedule and funding plan designed to keep the HOA assets looking good and home values their

highest.

Reserve planning became popular in the 1980s when twenty year old homeowner associations started falling apart. Twenty years is the time when roofs, siding, decks, fencing, pools and roads begin to fail. HOAs that failed to anticipate these events ended up in a series of large and unpopular special assessments. Above the wailing and gnashing of teeth was overheard the cry, "There must be a better way!" Indeed.

Reserve planning identifies predictable events and charts a plan that is fairly funded by all owners along a thirty year time line. Bottom line: No more special assessments and a system that anticipates the knowable.

It's common for certain owners to resist paying money for reserves. It's human nature to put off until tomorrow and ope tomorrow never comes.

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Here are some of the common saws: "Assessments are already too high" and "I don't plan to live here that long". These statements are both self serving and short sighted. A reserve plan pays only for assets being used up. It's like refilling the tank of a rental car before returning it. You only pay for the gas used. Similarly, roofs, paint, roads and other association assets get used up. With reserve planning, the people that get use of them pay for the part they used up...no more, no less.

From a board's perspective, planning for future repairs and replacement is part of fiduciary responsibility. Often, there are millions of dollars of assets in the board's safekeeping. And more importantly, the board is entrusted with the biggest and dearest asset most people have...their home. Reserve planning recognizes the importance of that trust.

Prospective buyers also consider the issue of reserves. No reserve plan and little money set aside exposes the buyer to a frightening reality: Special assessments are certain but when they will fall is uncertain. Wise buyers steer clear of such ill prepared HOAs. Lenders also consider reserves when making loans since the ability for the association to maintain its assets directly impacts a lender's collateral. Attracting buyers and financing is fundamental to sustaining high market value. If buyers go away, home prices drop.

In many states, reserve planning is described in or mandated by law. It is also an accepted planning standard nationwide. It is fair to all owners and maintains the HOA's assets systematically and responsibly. It's the right thing to do. Before disaster rains down on your community, have a Reserve Study performed and begin funding it now!

By Richard Thompson - *Regenesis.net* **APRA**

Hillbilly Whizdumb

1. A day without sunshine is like night.
2. On the other hand, you have different fingers.
3. 42.7 % of all statistics are made up.
4. 99% of lawyers give the rest a bad name.
5. Half the people you know are below average.
6. He who laughs last, thinks slowest.
7. Depression is merely anger without enthusiasm.
8. The early bird may get the worm, but the second mouse gets the cheese.
9. Support bacteria. They're the only culture some people have.
10. A clear conscience is usually the sign of a bad memory.
11. How many of you believe in psycho-kinesis? Raise my hand.
12. OK, so what's the speed of dark?
13. When everything is coming your way, you're in the wrong lane.
14. Hard work pays off in the future. Laziness pays off now.
15. How much deeper would the ocean be without sponges?
16. Life is like a jar of jalapeños. What you do today, might burn your butt tomorrow.

APRA Institute

Beginning in 2011, APRA launched formal education for professional reserve study providers, the first of its kind in the nation. APRA's annual Symposium offers 8 ours professional level education plus networking with peers.

In addition, four 90 minute webinars are offered on reserve study topics and presented by national experts. The webinars are open to both APRA members and non-members. *For more, see www.apra-usa.com*

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