

APRA Advisor

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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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A Most Excellent Way

This is how one board of directors successfully dealt with an issue that all too frequently haunts homeowner associations... special assessments.

Tom, the president of Coastal Village Condominiums, slammed the telephone receiver down after talking to the property manager and breathed a heavy sigh. After having to deal with several significant renovation projects over the past five years, there was more yet to come. How could this have happened? The HOA had spent several hundred thousand dollars already to fix dryrot...what now?

Coastal Village had the misfortune of being built with wood... wood framing, wood steps, wood siding, wood shingles. It was beautiful to look at, yes, but cold, rainy weather and wood buildings, unless properly constructed and maintained, are a formula for failure. In the case of Coastal Village, the condominiums were built with a decorative plywood panel. Where the siding panels met, battens (decorative wood strips) were installed to cover the seams. On several recent site inspections, it was noticed that in places there was mushroom growth coming from beneath the battens. Woodpeckers had also been drilling holes in the siding, a further indication of dryrot.

So what is dryrot anyway? In brief, dryrot is wood cancer. Actually misnamed, dryrot occurs under wet and cool conditions. Spores that thrive under these conditions grow and multiply, breaking down wood fibers and structural integrity of wood building materials. Dryrot spores love dark hidden places beneath the siding like studwalls, subflooring and floor joists. Unlike termites and carpenter ants, there is often no telltale signs until it erupts on the surface. A dryrot spot in the siding is often the proverbial tip of the iceberg. It is a call to action.

The board and manager met to discuss the preliminary findings. It was recommended that a detailed inspection be done to develop a scope of work that could be used as a basis for action.

Who was to develop this report? While a licensed building inspector can identify dryrot, correction usually requires technical knowledge of construction materials and techniques. The board approved an architect experienced in dryrot and gave him the task of physically inspecting all buildings. Lastly, a written communication was mailed to all homeowners advising of the dryrot alert.

It took the architect several days to complete the site inspection. Siding was probed for softness and marked, crawlspaces were inspected for rotten subfloors or joists. It was obvious that there had been a major oversight in the original construction: the siding had not been preprimed before the battens were nailed on leaving raw wood underneath the battens. Over time, rainwater had seeped behind the battens, soaking the wood and giving dryrot a foothold. The weather sides of the buildings showed a greater decay but virtually all sides of all buildings showed varying degrees of deterioration.

The architect wrestled with the proper solution: Do a remedial repair (patch) or a comprehensive reconstruction? The board had experienced several partial fixes only to return to the problem all too soon. A special board meeting was called and all members invited to attend. The architect presented a comprehensive report detailing his findings. His recommendation: replace all siding and trim boards and perform needed repairs to the structure. The board's logical response was: How much is all of this going to cost?

The Bidding Process. An invitation to bid the project was sent to three experienced and qualified contractors.

“Experienced” meant specific and verifiable dryrot repair experience. Area contractors were chosen for proximity and ease of warranty followup work. The use of in-state contractors also meant more recourse for warranty issues through the state Construction Contractor Board.

Interested contractors met with the architect at a bidder’s walk through. Questions were asked and answered. The architect also considered suggestions from the contractors on materials and correction techniques to use. The three hours were well spent and revised job specifications were sent out to the contractors within several days. The contractors were given 30 days to submit a written bid.

Once the bids were received, the board scheduled another open meeting to which homeowners were invited. The bid review meeting was most interesting. Dryrot repair bids generally cause much uneasiness. Why? There are always two parts to the bid: Part One offers a set price to repair what can actually be seen. Part Two deals with what cannot be seen on a "time and material" basis. So the board asked the logical question: How much should we plan for in total? The architect’s best guess: triple the Part One bid.

There is an expression, "If you’re going to New York, don’t stop at Chicago". After discussing the dryrot repair bids, one board member suggested that if all siding was to be removed, why not replace the outdated single pane aluminum windows with more energy efficient windows at the same time? Aside from the fact that the cost of the siding repair alone was sizeable, the suggestion made a lot of sense. The board agreed to consider options and costs.

Then, a board member/building contractor decided to submit a bid to do the work. That bid was substantially cheaper than the others received. Since there was an obvious conflict of interest, the remaining board members agreed that if his bid was accepted, he would have to resign from the board. The architect inspected the contractor’s work and references and reported back to the board that all was acceptable.

Based on the recommendation, the board accepted his proposal and he promptly resigned from the board.

The stage was now set. Based on combined estimates to replace all siding, paint, roofs and install new windows, the board approved a special assessment of \$14,000 per unit.

An elaborate presentation was carefully prepared and laid out at the Annual Homeowners Meeting six weeks later. Samples of dryrotted siding, window and roofing samples were exhibited. There were several vocal owners that protested loudly. One howled "MISMANAGEMENT". Some had

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legitimate concerns about not being able to pay. However, most listened patiently to the discussion. All were given a chance to ask questions and give opinion. It was a loonng meeting. The board called for a vote and fell only a few shy of unanimous approval.

Following the meeting, a formal notice of special assessment was mailed to all owners of record. For those of limited means, a three year payment option was included while a discount was offered to those that prepaid.

It is said that an earthquake’s after

shock is often worse than the initial shockwave. After the special assessment notice was received by those that had not attended the Annual Meeting, the board was bombarded with phone calls from, you guessed it, those that did not attend the Annual Meeting. It was obvious that there was still more damage control to be done.

Another meeting was called and many that missed the Annual Meeting were in attendance, as well as others that had come before. Of course, there was a rehashing of old information for those that missed it the first time around. The Board patiently indulged all input, positive and negative. While the meeting was long, this time it was different. Many of the owners that had attended the Annual Homeowners Meeting stood in defense of the board. By meeting’s end, the overwhelming majority again affirmed the special assessment. Some thoughtful owners actually offered well deserved thanks to the board for their hard work job.

The Moral of the Story: This board undertook a huge challenge successfully using the following techniques:

Teamwork. Once alerted to a problem, a meeting of the board was convened, acted as a team which was crucial to success.

Consultation. A specialist was hired to determine the scope of the problem and proper correction. That informed opinion served as a solid foundation for action.

Communication. Members were notified early and updated regularly.

Integration. All members were allowed to give input both pro and con.

Patience. The board systematically analyzed and implemented the plan.

No Conflict of Interest. When a board member wanted the job, he did not vote on the matter and stepped off the board when he was selected.

Re-evaluation. The board made necessary course corrections, like

adding window replacement, when logic dictated.

Leadership. The board was elected to make tough decisions and understood the need to lead.

This board was successful by integrating all of the important components. In so doing, it succeeded in achieving the ultimate goal of a well run HOA: Harmony.

By Rich Thompson - *Regensis.net* **APRA**

inspection. They have the knowledge, equipment and guts to do it right. Finally, the gutters and downspouts probably need a cleaning of you have large trees.

Now, on to the siding and trim. Any popped nails that need to be resecured? Check the caulking joints around the windows, doors and trim. More than likely some have opened up and need recaulking. Any paint peeling? In particular, check the “weather” side (the side that receives the harshest sun, wind and rain).

Decks should be checked for dryrot and negative drainage or ponding. Look underneath at the deck, supporting posts and joists and use a small screwdriver to probe for dryrot. Check the deck fences and rails. Plan to replace bad wood as needed. Check the points of connection to the building since this is often incorrectly done and provides a point of water intrusion. Check flashing at sliding glass doors, again, a likely point of leakage.

Next, take a look at the grounds. For asphalt, the only time to do the sealcoating and general repairs is in warm, dry weather. Don't forget to repaint curbs and parking spaces. Walk the concrete walks and look for tripping hazards caused by lifted, cracked or sunken slabs. Note the locations and get those areas ground down or removed and repoured. Moss and algae growth can cause slipping hazards. Treat or pressure wash as needed. This is particularly important in senior communities.

Next, on to fencing. There should be no earth to wood contact which will promote dryrot and insect infestation. Check the posts to make sure they are solid and plan to replace any that are dryrotted. Use only metal, redwood, cedar or pressure treated posts. Look for signs of sprinkler overspray on fences and have your landscaper adjust spray heads accordingly.

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Annual Planning Review

Fall is the ideal time to assess the condition of your homeowner association's common elements for next year's renovation projects. Sharpen your pencil, dust off your clipboard and inspect the buildings and grounds.

At the roof line, scrutinize the chimney caps. Are any missing or rusted through that need replacing? Make a note by location. Next, look at the chimney chases (enclosures). The section above the roof line gets more weather than the sheltered part and the siding often needs repair or repainting. Next, check out the roof, if it's the kind you can see from the ground. Anything obvious that needs repaired or cleaned? Note any areas that have moss buildup so that moss killer can be applied during the summer. Since it's difficult to truly assess roofing condition from the ground and dangerous to be on the roof, it's highly recommended that you have a qualified roofing contractor do the roof and flashing

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Check common area lighting for broken, cracked, or rusting fixtures. Consider upgrading older incandescent lighting to more efficient high pressure sodium, metal halide, halogen or fluorescent. The light levels will increase dramatically and the power bills will plummet.

Look for evidence of water ponding around building foundations. Fill and regrade for positive drainage. Ponding on walkways can be cured by clearing ground drains or installing drain tile pipe to carry water away. Clean out ground and storm drains.

Walk the common area landscaping with your landscape contractor and make a "punch list" of items needing attention. The sprinkler system should be checked for broken pipes, missing or broken heads, and clogged valves. Splash blocks can be added where downspouts dump into landscaped areas. Look for wet, spongy areas in the lawn indicative of drainage problems. If severe enough, the contractor can install drain tile pipe to dry the area out. Check for bare spots or pests in the lawn and ground cover.

Trees are one of your biggest assets and should be closely inspected at least every three years by an arborist. Look for split and broken branches, disease and overgrowth that require knowledgeable "corrective" care. Don't rely on your landscape contractor who only contracts to do "maintenance pruning" to keep limbs off the buildings and walkways.

Inspect the pool and spa with the pool maintenance contractor. How's the plaster? Are the railings and coping stones loose? Are there potential trip hazards? Is it time to rebuild the sauna? Don't forget to do a safety check of the playground equipment.

Planning takes planning. Make and prioritize a list of the repairs. Contacting contractors during the winter months when they have less to do and likely to be more price competitive. By spring their "dance cards" fill quickly.

By *Rich Thompson* - *Regenesis.net*
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Why Maintain Asphalt?

Asphalt pavement is basically sand, gravel and glue. The glue used to keep the sand and gravel together is asphalt, a heavy by-product of oil refining. While sand and gravel do not deteriorate significantly, the asphalt binder does quite rapidly due to oxidation, solar radiation, pollution and chemicals spilled from vehicles.

No pavement has ever been constructed that does not need maintenance. Many homeowner associations find out too late that proper maintenance could have prevented costly replacements.

Maintenance is the art of keeping pavements in full service, with

minimum expense, and the least inconvenience to the public and the residents. Improper maintenance is usually worse than none at all. Preventative maintenance is a wise investment. There are several basic forms of maintenance:

1. Sand Slurry Sealer. Also called seal coating, this procedure will protect against oxidation and spills while making the asphalt visibly attractive. This application should be applied at least every five years or more frequently if use is heavy and deterioration is apparent. Applied at proper intervals, it will prolong the life of pavement indefinitely at a fraction of replacement cost.

2. Crack Sealing. Cracks are usually caused by either a failure of the base, water damage or excessive weight on the pavement surface. Cracks can easily be repaired by installing a hot pour material to fill them. The crack sealer provides a waterproof bond and is rubberized to give support while the pavement expands and contracts in changing temperatures. Cracks that go unsealed will continue to allow water into the base structure, causing severe damage to the pavement as the base deteriorates. A pavement crack inspection should be done annually.

3. Patching. If significant deterioration has taken place, removal and replacement of certain areas may be possible. If excessive ground water or poor soil conditions have aggravated the problem, corrections should be performed before applying the patch.

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Carpet Care 101

Homeowner associations are tasked to care of carpet in common area lobbies, hallways, stairwells, clubhouses and meeting rooms. Besides maximizing the useful life of the material and providing an aesthetically pleasing look, cleaning removes dust, mold, allergens and bacteria for healthier air quality. There are a number of "It" strategies to achieve greatest success:

Mat It. The first step in reducing soiling is to prevent as much of it as possible from entering buildings. This begins outside with keeping walkways and parking lots clean. In winter, removing snow and ice from walkways helps prevent moisture, snow melt product, sand and dirt from entering building.

At entrances to buildings, walk-off mats are crucial in capturing soil that otherwise would be tracked in. An ideal system of matting incorporates three stages. First are the scraper mats, which are aggressive mats designed to remove large pieces of soil from shoes. These mats generally are placed at entrances just outside a building.

Inside, a second mat extending 4-5 feet captures any remaining large soil particles, as well as dust and moisture. In snow country, it's a good idea to use a mat with a water-dam design. This design, constructed with barrier ridges on the edges, keeps moisture on the mat.

The third stage is a walk-off mat with dense fibers capable of capturing any fine dust or soil residue still on shoes. All mat should be cleaned frequently because dirty mats loaded with soil are not as effective in decreasing the amount of soil tracked into buildings.

Spot Clean It. A good all-around carpet maintenance system involves spot cleaning. A vital element of any carpet care program is a spotting kit. These kits come with cleaning chemicals designed to remove specific soils and stains, a spotting chart, and a general spotting agent. Cleaning crews can follow the spotting chart for directions on which chemical to use if a general spotter doesn't remove a spot or soiled area. Spotting kits usually contain chewing gum removal products, as well as scrapers and brushes that can agitate the fibers.

To remove some stubborn stains, use a steam-vapor cleaner. These machines inject steam into the carpet, and the cleaner then blots out the stain. These small, portable machines combine high heat and low moisture to clean and disinfect spots and soiled areas on carpet and hard surfaces.

Suck It Up. Successful cleaning requires vacuuming. In areas where a wide-area vacuum is not practical, smaller upright vacuums are useful. Newer-generation vacuums have better suction and filtration capacity, and High Efficiency Particle Arrester (HEPA) filters are standard in many models.

Sweep It. Carpet sweepers are devices mounted on handles with a cylindrical brushes which sweep dirt into an enclosed dustpan. A variation on this is an electric broom, a small vacuum mounted on a handle that is much smaller than a conventional upright

vacuum. These sweepers are available in both cord-electric and battery styles.

Power Spray It. Finally, every carpet cleaning arsenal should include power sprayers. These handheld tanks come with hoses and wands and are available in manual or electric-pump styles. Sprayers are useful for applying pre-spray cleaning solutions in high-traffic and heavily soiled areas. After cleaning and extraction, sprayers can be used to apply soil-retardant solutions, anti-static agents, deodorizers, odor neutralizers, and flame-retardant chemicals.

Having an effective carpet maintenance program takes planning and commitment. The proper equipment and supplies, combined with regular training, will help ensure the carpets look clean and attractive, last longer, and promote a healthier indoor environment.

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The Big Rocks

An expert in time management was speaking to a group of business students. After his lecture he said, "Okay, time for a quiz." Then he pulled out a one-gallon, wide-mouthed mason jar and set it on a table in front of him. He produced a dozen fist-sized rocks

and carefully placed them, one at a time, into the jar. When the jar was filled, he asked, "Is this jar full?" Several said, "Yes."

He replied, "Really?" He reached under the table, pulled out a bucket of gravel, dumped some in and shook the jar causing it to work itself down into the spaces between the big rocks.

Then he smiled and asked the group once more, "Is the jar full?" "Probably not," one of them answered. "Good!" he replied. And he reached under the table and brought out a bucket of sand. He poured the sand in and it went into all the spaces left between the rocks and the gravel. Once more he asked the question, "Is this jar full?"

"No!" the class shouted. Once again he said, "Good!" Then he grabbed a pitcher of water and began to pour it in until the jar was filled to the brim. Then he looked up at the class and asked, "What is the point of this illustration?"

One eager beaver raised his hand and said, "The point is, no matter how full your schedule is, if you try really hard, you can always fit some more things into it!"

"No," the speaker replied, "that's not the point. The truth this illustration teaches us is: If you don't put the big rocks in first, you'll never get them in at all."

What are the big rocks in your life? A project that you want to accomplish? Time with your loved ones? Your faith, your education, your finances? A cause? Teaching or mentoring others? Remember to put these big rocks in first or you'll never get them in at all. **APRA**

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