



Association of Professional Reserve Analysts

The ADVISOR

November 2018

Participate in the 2019 Symposium!



This year's Symposium will include information about negotiation, financials, standards, best practices and more! Before we finalize our program, we'd love to hear from you. What do you do in your business that's unique and effective? Are you willing to present your best practice or idea for five to ten minutes during a session? [Contact us](#) by December 10 to be considered!

Have you seen the amazing Casino Del Sol Resort? It's the perfect location for our Symposium and for exploring the vast Sonoran Desert, taking in Tucson's rich history, and enjoying world-class shopping and entertainment. In addition to the many restaurants, spa and golf course at the resort, the concierge can help you with arrangements to many of Tucson's [local attractions](#)! Don't miss out on Saguaro National Park, the Museum of Art or the Pima Air & Space Museum. SAVE THE DATE: 2019 Symposium takes place on Saturday, April 6, 2019. Early bird discount registration begins in January!ng a session? [Contact us](#) by December 10 to be considered!



Featured PRA Member



Mari Jo Betterley
Better Reserve Consultants

My name is Mari Jo Betterley. I am a State of Nevada Reserve Study Specialist and APRA Designated Professional Reserve Analyst.

I am so fortunate to have a career that I love.

In 2004, I began my own business as the Founder and CEO of Better Reserve Consultants, LLC. Since that time I have completed over 5,000 Reserve Studies. Most of my work is with Community Associations Nevada and Utah, however, I have completed Reserve Studies for many timeshares in Mexico, Canada, and throughout the United States.

A large part of my role as a Reserve Analyst is training and education. The Board of Directors should understand and believe in the study in order to follow it. I have attended over 750 Board meetings or workshops to discuss the Reserve Study in detail. Six of my Continuing Education Classes have been approved through the State of Nevada Business and Real Estate Division.

My goal is to have a more customized Reserve Study by working with the Board of Directors, Management Company and experts in the field. I consult with the Association's actual vendors and contact my own experts for costs and time frames when necessary.

I am exceedingly proud to be a member of APRA and a Reserve Study Specialist and Business Partner. I take great pride in my work and feel that I am truly helping people and communities to be their best now and in the future.

Questions? Comments?

Contact APRA
Headquarters!

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Overcoming Reserves Resistance

By Richard Thompson of Regensis Reserves

The scenario is common. The homeowner association (HOA) is aging, roofs is overdue for replacement, decks are too, paint is peeling and, on the whole, things are looking pretty ragged. Previous boards have muddled by with patch and repair rather than renovation but the new board sees the writing on the wall: major work can't be put off any longer.

The board meets, discusses the needs, priorities and assigns a committee to get bids. Within 60 days, the committee tenders its report which indicates the reserves are woefully inadequate to the tasks at hand. Applying the pittance in reserves to the project costs and (hang on to your wallet) that leaves it \$10,000 *per member* short. \$10K is not chump change but considering what needs to be done, it's a bargain so the board organizes the information and presents the findings to membership in a "Coming Soon to Your Neighborhood - A Special Assessment" letter.

The day the special assessment letter hits launches a scene out of the French Revolution. Angry phone calls rattle the lines, mobs pound on board member doors, and cries of "OFF with their heads" are heard. These guys are *angry!* Friends and neighbors are turned one on another and recriminations abound.

Does this sound familiar? After years of previous boards living in Wonderland, this board had the common sense to recognize simple physics: All things wear out and return to the dust from whence they came. They also recognize that the board was elected to manage the business of the HOA. Managing the business does not include sitting idly by while the buildings deteriorate and property values tumble. The fiduciary duty they assumed *demand*s that action be taken.

This avoidable scenario invariably happens in HOAs that lack a proper reserve plan. The Reserve Study, as it is called, identifies all the building and ground components that are the HOA's responsibility to maintain, measures each of them, assesses their condition, projects a useful life and repair/replacement cost. All this information when projected out 30 years with an inflation factor provides the board a schedule to follow for both repairs and funding. It answers the mystery "How much should we have in reserves at any given time?"

Funding reserves by monthly contributions is the only fair way to address this need. Special assessments penalize those that have to pay them since former owners were able to skate without contributing their fair share. With a 30 year reserve plan adequately funded monthly, each owner contributes a fair share based on the time in ownership. For example, if an owner owns for ten years, he pays 10 of 30 year share; one that owns for two years only pays 2 of 30 year share. There are no gaps in contributions and *all* pay. More importantly, the money is available when needed and the board knows when to spend it. Advance planning! What a concept!

While a Reserve Study is indispensable for future planning, it can't solve immediate and pressing needs like our scenario. For this, the board must follow a different strategy. In most cases, the board has the authority in the governing documents to pass special assessments. The fact that some owners voice dissent doesn't mean the board shouldn't move ahead with their fiduciary duty. In HOAs, majority rules not consensus. However, out of respect for members and their concerns, the board should hold an informational meeting explaining the whys and wherefores and to answer questions.

If the board does not have authority to pass special assessments, the matter must be formally presented to the members. If so, do this at a special meeting called for this purpose along. Send and retrieve proxies from members prior to the meeting so a quorum is assured. DO NOT mail ballots out on a matter of this importance. It's too easy to ignore them or mark them NO without considering the Big Picture. The meeting should include a detailed presentation of the facts and recommendations from professional consultants that have no financial interest in the contracts.

Having informed third parties helps tremendously and it's well worth it to pay an architect or engineer to make the case. Do not skip over the case building phase of this meeting. Like a good trial lawyer, establishing the need for special assessment should be made point by point until the jury has little option but agree. The board can usually sense when that point has been reached. A strong indicator is when individual members give their support. Take your time on this one.

If the board, after careful planning and case making, still cannot muster the majority vote for special assessment, the next board meeting minutes should reflect the facts so the directors won't be held accountable for the results. And don't let this die on the vine. Matters will only get worse as assets get older. Move forward with a professional Reserve Study using a Professional Reserve Analyst (PRA) to help build the bigger case, analyze the reasons for failure and repeat the process taking a different approach until successful.

Interested in contributing an article to be featured in the APRA E-Newsletter? [Please fill out this form](#)

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