

APRA

Association of Professional Reserve Analysts

The ADVISOR

August 2019

Members - We Want Your Content!



Do you have insights that would benefit the reserve study industry? Do you have resources that have increased efficiency or enhanced the overall process? Please send them our way! Member-provided content is often the most valuable and we welcome your suggestions. Make your mark on the industry! If you have any articles or resources that would be beneficial to share, please contact APRA Headquarters: apra@teamwi.com.

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Featured PRA Member



Reginald Niles
Associa Reserves

Reginald Niles began working as an Engineer-In-Training at an architectural-engineering firm, Cabak & Associates, in Menlo Park, California. He started with the design of concrete tilt-up buildings and, over time, moved to design of low-rise structures.

He observed that even though he enjoyed structural engineering, he enjoyed it best when he met with owners and architects in the field to discuss projects. It wasn't as much fun sitting at a desk all day determining bolt sizes and the depth of wide-flanged beams.

He later transitioned into construction project management and estimating with Daly & Trudell Construction in Mountain View, California, and became vice president of John Daly Construction a few years later.

After 15 years in project management, Reginald founded a multi-inspector home inspection company. He operated that company, Home Inspection Centers, Inc., for about 19 years.

During his years in the home inspection industry, Reginald served in various officer capacities on the state and local levels of California Real Estate Inspection Association and American Society of Home Inspectors.

Upon retiring from the home inspection industry, Reginald co-founded a marketing company in which he was the chief operating officer. After a few years of unprofitable operations, Reginald sold his portion of the business.

While looking for what to do next, Reginald discovered the field of reserve studies and began training as an analyst in March 2016 with John Ceragioli, PRA.

In March 2018, Reginald applied for and received his PRA designation from APRA.

Reginald works for Associa Reserves out of Pleasanton, CA.

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Pernicious Contradiction

By Richard Thompson of Regenesi Reserves

There is a vicious rumor going around. The Board is talking about raising the dues again and everyone's up in arms. They raised the dues last year! And the year before! It's time to fire up the tar and pluck the chicken!

Ever hear this kind of thunder roll through your homeowner association? At the core of this storm is a pernicious contradiction. Members want the property taken care of but expect the Board to do it on a slumlord's budget. With too little money chasing too many expenses, maintenance suffers, home values slide and livability diminishes. Yet, year after year, the Spend No Money Drum gets beaten.

But it wasn't always thus. In the beginning, when the homes were new and the future bright, members basked in the glow of their own ignorance. The developer kept the homeowner fees low and, heck, why shouldn't they be? It doesn't cost anything to maintain something that's new. Let's worry about that when the time comes. Well, the time is now, the pot is empty, the assets worn out and recriminations abound. A \$3000 special assessment! Who's responsible for this? Why wasn't money being socked away years ago? I can't pay it! I *won't* pay it! I'm calling my lawyer!

It's at times like these that outside professionals are called for. The Board is authorized to hire the expertise it needs to run HOA business. HOA consultants like managers, lawyers, architects and engineers can assist the Board in making its case to the members. In the case of deferred maintenance and inadequate reserves, the Board should hire a Professional Reserve Analyst (PRA) to perform a reserve study. A reserve study will consider all the repair and replacement issues, not just the urgent ones. A reserve study looks thirty years down the road and charts a course to proactively deal with these issues. The Reserve Study will identify priorities which the Board can further prioritize according to funding.

Hiring a knowledgeable consultant to supervise each project is a real bonus. For example, roofing projects should have a roofing consultant who can detail the scope of work, draft a contract, gather proposals from qualified contractors, ensure that the project is done to proper specifications and lien waivers executed. Consultant oversight ensures that the material warranty is not voided because of faulty installation. The cost of a consultant is typically only a small percentage of the total project cost. Clearly, this is an investment worth making. The same principle applies to other major projects like structural repairs, painting and landscape renovation.

Playing catch up on major repairs costs a lot of money over a short time period. In an effort to soften the blow to the members, the tendency may be to piecemeal the repairs over a number of years and break large costs into more manageable chunks. But, piece mealing causes the costs to go *up!* The bigger the project, the cheaper the cost per unit. Piece mealing also creates an imbalance in member asset values. If Building A gets new paint this year, those units are more attractive and valuable from a buyer's perspective than those in unpainted Buildings B, C and D. This inequity will lead to resentment among the members that didn't get the benefit of the repairs.

To avoid these costly traps, the Board should only perform complete projects. If repairs must be split up by years, do them by type, not location. If painting is to be done, do all buildings at the same time. Same for roofing. Do it all at once, minimize disruption, get it over with and save a bundle.

If your HOA is suffering from deferred maintenance, consider raising the money to do multiple projects the same year. For example, if siding needs to be replaced, those energy inefficient windows should be replaced as well. The improved livability and value increase always far exceeds the cost so this is one of the best investments the members can make. And just consider the advantages to ending the bickering, debate and back biting. The sooner completed, the sooner the community chest will swell with pride and past resentment forgotten.

So, recognize your HOA's pernicious contradiction when it raises it's ugly head. This is one monster that's best dealt with directly and quickly. The harmony of your community hangs in the balance.

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W175N11117 Stonewood Drive, Suite 104, Germantown, WI 53022

+1 (877) 858-5047, ext 12 | apra@teamwi.com

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